



THE INDEPENDENT

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Farms will become killing fields

PAUL FIELD, SARAH HELM and COLIN BROWN

The Government is facing an enormous logistical crisis in making its U-turn on the necessity of slaughter and destroying 15,000 cattle a week. Experts are saying it will be impossible to achieve on such a scale and there are questions of how to meet the cost, which could run to more than £2bn over the next three years.

over how to re-establish confidence in British beef was not helped by the European Commission confirming a total worldwide ban on the export of beef and beef products from Britain. The ban will be reviewed at regular intervals, but commission officials were adamant that it would not be lifted until they were satisfied that British beef was safe.

He said ministers would need to know how much compensation the European Union was prepared to pay and wanted the unjustified ban on British beef lifted.

The number of workers laid off because of the beef crisis soared yesterday amid fears that tens of thousands of jobs could be lost by the end of the week. More than 2,500 abattoir and meat-processing workers have already lost their jobs.

workable the plans to destroy up to 15,000 cows a week for up to three years, drawn up by the National Farmers' Union.

cows earmarked for culling. There are now only nine incineration plants in Britain which can handle around 1,000 cattle a week. They are already destroying 300 cows infected with BSE each week, which adds up to a shortfall of around 750,000 per year if the Government adopts the NFU proposals.

being burnt in fields and think infection could get into the water supply it will have the opposite effect.

environmental concerns about burning carcasses on farms. There is a fear that BSE could find its way into grazing land. Mr Stevenson said tight controls would have to be in place.

INSIDE PAGES

British beef ban; Panic in France; Parliamentary election; How BSE is there in the rest of the world? page 2

Blair to put manifesto to party vote

DONALD MACINTYRE
Political Editor

Tony Blair yesterday took the Labour Party and its opponents by surprise by unveiling a plan to put the basics of his election manifesto to a referendum of all Labour members, eclipsing the union-block vote at the party conference.

not be included in the document - described yesterday by Mr Blair as an early version of the manifesto - which will be approved by a referendum after it is put to the party conference and after a November Budget.

A short walk through the universe, 249 miles high



Out in space: The American astronauts Michael 'Rich' Clifford (bottom) and Linda Godwin working to remove an experiment from the cargo bay of the space shuttle Atlantis to mount it in the docking module of the Russian space station Mir during their six-hour spacewalk yesterday. Atlantis is scheduled to undock from Mir today. Photograph: AP/Nasa TV

Raw sewage may be to blame for Sellafield leukaemia cases

TOM WILKIE
Science Editor

Raw sewage and not radiation may have caused the cluster of childhood leukaemias near British Nuclear Fuel's Sellafield reprocessing plant in Cumbria, a group of experts has concluded.

lage of Seascale may have developed leukaemia as a result of infection - by some virus as yet unknown - brought into the area by construction workers who arrived to build the plant in the late 1940s and early 1950s, according to Professor Bryn Bridges, chairman of the Committee on the Medical Aspects of Radiation in the Environment (Comare). He cautioned, however, that this idea was still 'speculative'.

irradiated just before their children were conceived. Since 1954, 17 people under the age of 24 resident in Seascale have been diagnosed as suffering from some form of leukaemia and Non-Hodgkin's Lymphoma (NHL). In an exhaustive report published yesterday, which surveys the

evidence, the members of Comare say "we are in no doubt that the raised incidence of leukaemia and NHL which has occurred in the young people of Seascale, and its persistence over several decades, is probably unique in this country".

carried out into the cluster of cancers in the Seascale. Although the incidence of cancer in the area should continue to be monitored, local people should be left in peace while basic research into the mechanisms by which leukaemia develops in children is pursued elsewhere.

Comare had made a complete reassessment of all the routine and accidental discharges of radioactive effluent from the Sellafield plant and had concluded that "environmental radioactivity is unlikely to explain childhood leukaemias". Similarly, there was no evidence consistent with the idea put forward, amid

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IN BRIEF

EU summit row
EU leaders gather for the Turin summit today, with disagreements raging over monetary union and reform.
Monetary Union row, page 13
Europe's future, pages 14-15
Leading article, page 18

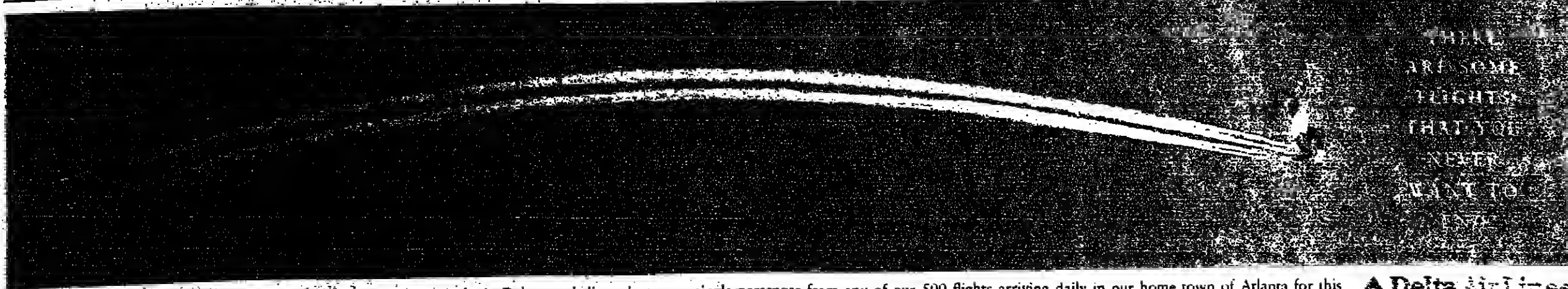
Today's weather
Bright and sunny early, becoming cloudy. Section Two, page 33

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news

The BSE risk: British objections to Brussels block on beef swept aside as fears continue to grow abroad

World ban confirmed as panic spreads

SARAH HELM
Brussels

The European Commission yesterday imposed a world-wide ban on the export of British beef as Europe grappled with what has now become its biggest food crisis in recent memory.

As panic spread throughout the Continent over a slump in European beef sales, the Dutch government ordered the slaughter of 64,000 British cattle in the Netherlands and advised its public not to eat British beef. France, where sales have fallen by 30 per cent since last week, called for an emergency European Union meeting.

Britain's persistent protestations that there is no scientific evidence of a link between BSE

EUROPE

and beef products from the United Kingdom to other European Union countries and to the rest of the world. The ban covers any medicinal, pharmaceutical or cosmetic products using beef extracts, but does not include milk or dairy products.

In an effort to spur Britain into agreeing a slaughter plan in order to bring the crisis under control, the Commission offered to help compensate British farmers and stabilise the stricken British market, once proposals had been brought forward by London.

However, Mr Fischler would not be drawn on how much money the Commission might offer, putting the onus squarely on Britain to produce clear eradication proposals for discussion with Brussels.

The Commission is ready to assist the UK both in terms of support for stabilising the beef market aimed at safeguarding incomes and in further control measures against BSE," he said. However, at a press conference later Mr Fischler insisted: "There are no blank cheques. Nor should the impression be given that we are waiting to run out and pay. I can't produce a figure nor am I going to."

The Commissioner revealed that he had telephoned Douglas Hogg, the agriculture minister, yesterday when Mr Hogg had agreed to come to Brussels with a team of experts to discuss eradication plans. No timing for the visit was given, and Mr Fischler would only say it would be "within weeks". A committee of specialists from all EU states is to visit Britain to examine any measures to eradicate BSE.

As Brussels hared for the inevitable condemnation from Britain over the ban, Mr Fischler stressed that the decision had been taken in the interests of the entire European industry.

"This decision constitutes the first step towards stabilising the situation, reassuring consumers on the safety of beef and safeguarding the EU's beef industry both internally and externally," said the state ment.

Mr Fischler cited the decision by Egypt to ban all EU live animals, as one example of why it had been necessary to impose a world-wide ban on British beef exports.

Mad cows abroad

Cases of BSE reported in other countries:

Republic of Ireland: 123
Switzerland: 205
France: 31
Portugal: 31 (Three were cattle imported from Britain)
Germany: 4
Italy: 2
Denmark: 1
Oman: 2
Falkland Islands: 1
Canada: 1

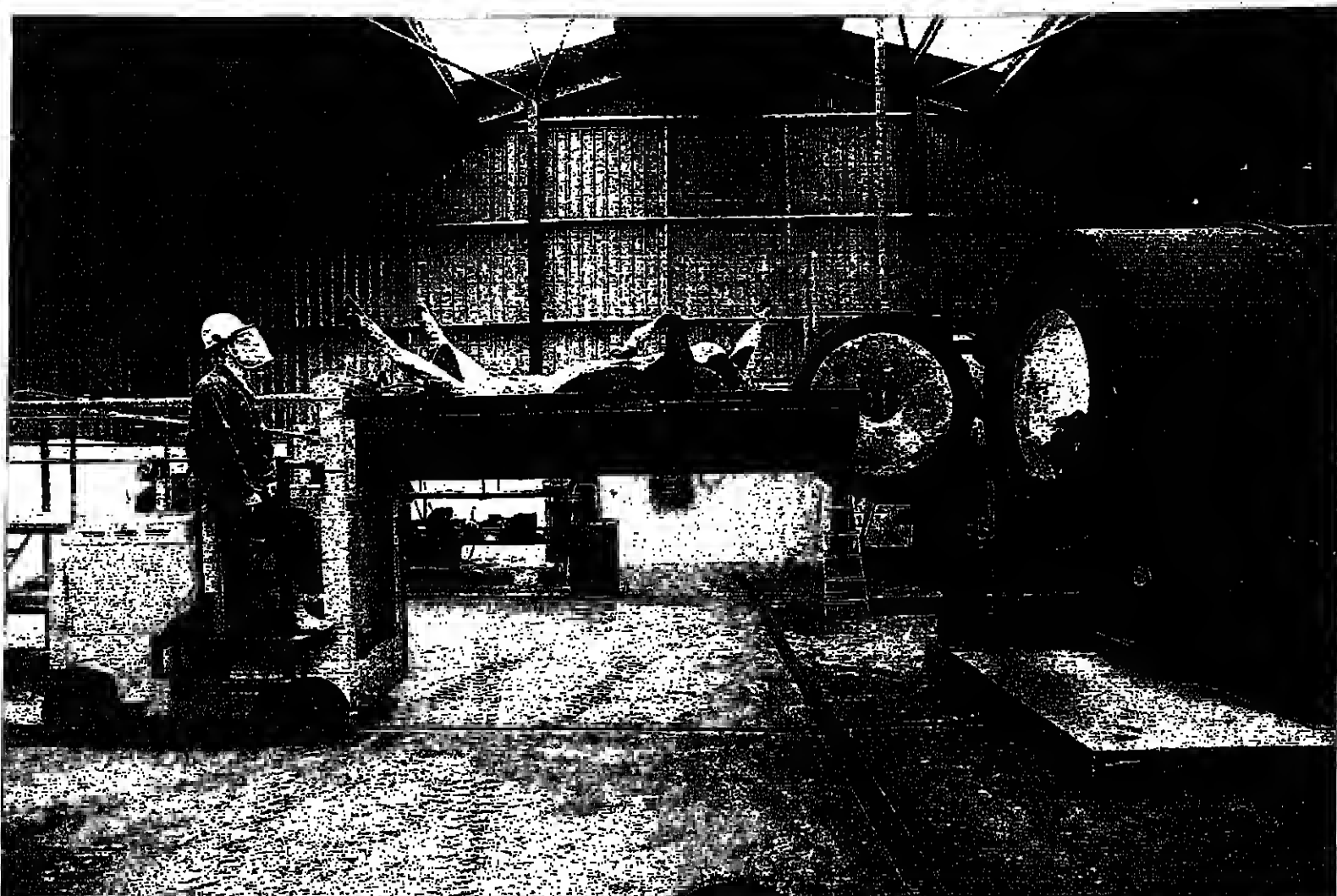
* In the last six countries the infected herd was imported.

Source: MAFF

and its human equivalent were swept aside when the Commission moved to try to restore European consumer confidence and markets by "ring-fencing" Britain. "The fact that there is no proof that there is no link is leading us to act," said Franz Fischler, the European agriculture commissioner, as he outlined the ban to the European parliament.

The ban on British beef and beef products will be constantly reviewed, the Commission said. However, initial reports that it might be lifted in six weeks were refuted by Mr Fischler, who said the ban would stay in place "as long as we are not satisfied that the threat is lifted".

The statement imposing the ban stated: "The measures ban the export of all live cattle, beef



Burning issue: Incineration plants like this one at Liskeard, Cornwall, could soon be working round the clock if a cull is ordered. Photograph: Andrew Testa

Thousands of jobs at risk as industry grinds to a halt

PAUL FIELD

The number of workers laid off because of the beef crisis soared yesterday amid fears that tens of thousands of jobs will be lost by the end of the week.

More than 2,500 abattoir and meat processing workers have already been made redundant, laid off or sent on leave owing to collapse in consumer demand. And with job losses continuing to rise, the Transport and General Workers Union called on the Government to pay compensation to workers facing redundancy.

The grim picture of the state

of the industry was painted by Terry Lee, head of exporting at the Meat and Livestock Commission. "It is devastating. People have been sent home from abattoirs, cool-rooms are full of meat and the whole thing has come to a stop overnight," he said. "There are 15,000 people working in the abattoir sector and I suspect half of those have been temporarily laid off. Jobs are at risk unless we can find a way of moving meat through the system. Everything is clogged up at the moment."

Farms, abattoirs, processors, vets, meat inspectors and hauliers are all major players in an industry which employs more than 500,000 people before shoppers buy their meat.

Among them are 8,500 haulage workers employed to transport cattle, 7,500 in the auction business, 62,000 in meat processing, 3,300 in animal by-products, 25,000 agricultural workers, and 11,000 butchers. Furthermore, the number of workers affected is certain to rise as a consequence of the EC ban on beef products used in confectionery and medicines.

Beef sales plunged for the

seventh day running at supermarkets across the country yesterday. The supermarkets group Somerfield reported a drop of 43 per cent since the announcement of a possible link between BSE and CJD.

A spokesman for Asda warned: "We are looking for real action, not just marketing trickery... There is no doubt that people are not sufficiently reassured yet as to the safety of British beef... People require more reassurance."

And a Tesco spokesman added: "Sales are noticeably down but we've seen a corresponding rise in other meats."

Labour exploits issue in poll

JOHN RENTOUL
Political Correspondent

With two weeks to go to polling day, Staffordshire South East is in danger of becoming the "mad cow" by-election.

Gavin Strang, Labour's agriculture spokesman, sought to exploit the BSE issue yesterday with a visit to a dairy farm in the constituency and a photo-call with Flo, a prize milk cow under sentence of death.

Until the beef crisis erupted, the Conservatives had hoped the by-election in the prosperous Birmingham overspill town of Banworth would proclaim the turning of the tide in the party's abysmal electoral fortunes.

There has only been one previous by-election in a Conservative seat vulnerable to Labour this Parliament, in Dudley West in December 1994, when Labour's Ian Gibson won with a post-war record 29 per cent swing.

During that campaign the Government was defeated in the Commons on VAT on fuel and Tory party unity was shattered when eight MPs were temporarily expelled from the party in Parliament.

The Tories had hoped their new-found unity on Europe in the run-up to this weekend's Turin summit, combined with good economic news, would give their bluff, reassuring ex-Army candidate Jimmy James of a fighting chance.

But then came last week's announcement. "It did cause absolute panic and I wonder if it could have waited," said Tom Cope, the dairy farmer visited by the Labour campaign yesterday. He said it would be like "losing a member of the family" if Flo who was born in 1939 had to be slaughtered.

Staffordshire South East 1992 general election: D Lightbown (C) 29,180, B Jenkins (Lab) 21,988, G Penlington (Lib Dem) 5,540. Conservative majority 7,192.

Paris struggles to stem tide of worry

MARY DEJEVSKY
Paris

French farmers yesterday appealed to consumers to buy beef to prevent the total collapse of the French beef sector, as panic about the possible spread of mad cow disease to humans took hold across the Channel. Despite efforts by French politicians and food producers to reassure consumers that only British beef held a risk, Europe's

biggest carnivores were spurning even home-produced meat. Orders for beef fell by 35 per cent in the first two days of the week and the wholesale market outside Paris was glutted with unsold carcasses. School canteens were reported to be buying no beef, while shoppers and restaurateurs were preferring other meats, or fish. Beef orders from abroad suffered,

with Italian customers cutting their orders by half.

Luc Guyau, president of the France's biggest farmers' union, the FNSEA, said consumer panic could "prompt the collapse of the whole beef sector" and called for financial help for producers from Brussels.

The agriculture minister, Philippe Vasseur, said he had appealed to Brussels for financial help to prevent the collapse of Europe's beef market.

President Jacques Chirac said France would "consider positively the idea of EU financial support" to compensate British farmers for the slaughter of their herds.

There were also reports of two "suspect" cases of Creutzfeldt-Jakob disease in France, one of them in Lyons, centre of the most meat and offal centred cuisine in the country. Both victims were said to be young people.

Meat-eaters make song and dance about pigs' bowels

It was standing room only in the Grand Committee Room of the House of Commons, where the Agriculture and Health select committees were meeting in joint session yesterday. So I went somewhere else.

A mile away, at the Piccadilly premises of the luvvies' association, Baffa, the British Sausage Bureau was having its annual awards ceremony and lunch. Perhaps there I would be able to discover how the meat industry was bearing up to its worst crisis since the war. Meat is the opposite of sex: the more you think about it, the less you want it. So surely all the talk of offal, scrapie, animal feed, po-



DAVID AARONOVITCH

ons and nodes had depressed the market?

Upstairs about 200 of us sank back into comfortable cinema seats (mine had "endowed by Francis Ford Coppola" on it) and waited for the show to begin. I looked around. There was a chap who was clearly a re-

porter for *What Sausage?* or some similar publication - but was the stern looking woman next to him from *The Lancet*?

On stage the famous miserable golden masks of Greek drama that are Baffa's trademark, looked down upon the symbol of Bangers '96 - an anthropomorphic sausage with a cheeky grin and a union-jack waistcoat.

Now, there is one inescapable fact about the article. Uncooked it is pinkish, fleshy and about three inches long. Worse, when cooked it becomes shiny and stiff. Rendered into a cartoon (as it was here), with eyes and ears, it was

indistinguishable from Wicked Willie. And made into several Oscar-style awards, sitting on a table at the side of the empty stage, it looked like the most expensive and largest vibrator in the Ann Summers range.

Suddenly, with a whoop, six young dancers leapt on stage and began a rather unconvincing routine to the strains of a song extolling the history of the sausage - "it's a taste that's been around since who knows when". But why were there four girls and only two boys? To leave room for two giant dancing sausages, of course. As the act came to a climax the girls gathered round a six-foot sausage,

cuddling and stroking it - reminding me weirdly of the finale to Michael Jackson's act at the Brit awards.

Time for the prizes. On strode Ulrika Jonsson, who has handled Gladiators and is not afraid of sausages, though from looking at her, I'd say she is almost certainly a Vegan who has not allowed a morsel of pig bowel to pass her perfect lips for two decades. "It has," she said, "been a funny old week for the meat world. So I am delighted to recognise the achievements of the British sausage industry."

Various hutchers were given Golden Phalli for their Old English or Lincolnshire Spe-

cial: ad agencies won awards for the best commercial selling sausages and - bizarrely - best commercial mentioning a sausage, but selling something else; seven customers from a pub in Hebden Bridge were honoured simply for eating sausages; and one woman who had written a poem.

All good things must come to an end. So a singer with a flag on his hat rounded things off. To applause he ridiculed fads in food. "You can keep your mussels," he sang. "You can keep your ratatouille and (without baiting an eyelid) 'You can keep your hangers without meat in'. Thank you, I will."

IN BRIEF

Airline faces trial on 'emergency landing'

British Midland Airways will face a crown court trial over a holiday flight which was forced to make an emergency landing with 177 passengers on board.

The Boeing 737/400 suffered an oil leak after taking off from East Midlands Airport for Lanzarote on 23 February last year and the pilot had to land the plane at Luton Airport 13 minutes later. In the first prosecution of its kind, the Civil Aviation Authority has charged the company with negligence endangering life. Magistrates at Luton yesterday committed the case to the town's crown court.

Stamp prices rise

The cost of sending a letter is to rise by 1p in the summer, the Post Office announced yesterday. First class stamps will increase from 25p to 26p and second class stamps will go up from 19p to 20p. The increases, from July 1, follow a two and a half year price freeze.

Blaze murder hunt

A murder hunt was launched yesterday after a man's body was found in a burning house. Mimesh Nagrecha, 24, had been the victim of a knife attack before his 1930s semi-detached house in Hemel Hempstead, Hertfordshire, was set alight.

Navy's bottom line

The Royal Navy's famous bell-bottomed trousers will stay. There was an outcry when it was disclosed in 1994 that they were to be axed, but a change of heart means some flare will be kept in the trousers for aesthetic reasons. Kits will also be allowed in the mess for the first time.

Newspaper 'guilty'

The newspaper watchdog has upheld a complaint by Graham Riddick, the Tory MP for Colne Valley, over cash-for-questions allegations. The Press Complaints Commission said the *Sunday Times* should not have used subterfuge to obtain its story after an undercover reporter investigated claims that MPs took cash for asking questions in Parliament. But it said the paper had the right to protect confidential sources and use subterfuge in "appropriate and special circumstances".

Reliant on Robin

Tourism chiefs in Nottingham refuse to ditch Robin Hood as a symbol of their city despite plans by businessmen to replace the hero of Sherwood Forest. An actor dressed as Robin took centre stage at the British Travel Trade Fair in Birmingham.

Lottery bonus

National Lottery tickets could soon bear advertising slogans. Lottery organiser Camelot is aiming to earn more than £1m a year by offering firms the chance to join forces in exclusive marketing deals.

School head accused

A head teacher has been charged with sex offences against pupils in South Tyneside, some dating back 20 years. Kenneth Watson, 46, was arrested yesterday and charged on 14 counts of indecent assault, two on boys and 12 offences against girls under the age of 14.

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Lizard puts man in the shade with ability to walk on water

TOM WILKIE
Science Editor

Walking on water is scientifically possible, two American researchers have established, but only lizards can do it – and the lizards are really walking on air.

Dr J W Glasheen and T A

McMahon, of Harvard University, captured seven basilisk lizards in Costa Rica and put them (literally) through their paces in a glass water tank in the laboratory. These lizards are well known for their ability to "run" on water – not swimming, but not sinking either.

In fact, the researchers found that the lizards do not run on the water. They do slap their feet down flat on to the surface, but most of the support for their weight comes from bubbles of air sucked in behind the foot as it strokes downwards like a swimmer in the water.

The lizards get their feet out quickly, before the air bubbles collapse. They move at such a speed they can lift their legs and continue across the water before the cavity of air disappears.

But the ability to run across water is bought at an enormous expenditure of energy. The li-

lizards, which weigh just 90g, have to develop a mechanical power of about 29 watts per kilogram of body weight. The maximum sustained output that a human being can manage – say a feller runner going uphill – is about 20 watts per kilogram.

The lizards have such powerful backlegs the researchers estimate they could manage 135 watts per kilogram and that "at least 21 per cent of the basilisk's body mass is involved in powering this limb motion". Humans are also stopped from running across water by

the size and shape of our feet and legs, and the maximum speed with which we can run. To move on before each hubble of air collapsed, a human water runner would need to stroke downwards through the water at almost 30 metres a second – beyond human ability.

Found guilty: Tory MP for Chelsea failed to stop after drink-driving accident in which a baby boy was trapped between cars

Former minister banned after crash

WILL BENNETT

The former Conservative minister, Sir Nicholas Scott was banned from driving for a year and ordered to pay £900 yesterday after a court heard that he trapped a baby boy between two cars after drinking alcohol at a party.

Sir Nicholas, MP for Chelsea, then left the scene of the accident in his west London constituency without knowing whether Thibault Perreard, aged three, had been injured. "You had no idea what damage might have been caused to the car in front of you or what possible harm could have been caused to the child," Roger Davies, the magistrate at Horseferry Road court in London, told Sir Nicholas.

Sir Nicholas, 62, formerly Minister for the Disabled and a junior Northern Ireland Minister, pleaded guilty to driving with excess alcohol in his blood and was banned from driving for 12 months, fined £200 and or-

dered to pay £450 costs. He denied failing to stop after an accident but was found guilty and fined another £250.

Peter Canon, for the prosecution, said that last June Sir Nicholas left a party at the Chelsea Farmers Market with his secretary and was about to drive off in a red Volvo automatic borrowed from Lady Ena Fawcett, his mother-in-law. The car jumped forward and shunted a Volvo estate, trapping Thibault between this vehicle and another car. The boy was asleep in his buggy, which was being pushed by his parents who were standing between the two cars waiting to hail a taxi.

The boy's father, Yves Perreard, a Swiss banker, described how he tried to free his son as passers-by shouted and attempted to make Sir Nicholas pull his car back to release the child. He said he later tried to find the driver but could not. He said: "The defendant was in a trance state."



The party's over: Sir Nicholas Scott entering Horseferry Road court in London yesterday.

Photograph: Edward Webb

The court was told that after being freed Thibault was taken to hospital, where a doctor found he had some reddening on his lower back but was otherwise unharmed.

Police interviewed Sir Nicholas two hours after the accident at the nearby home of his doctor. They had received a telephone call to say that he was there waiting to be interviewed.

Constable Philip Logan said that Sir Nicholas told him he had drunk a couple of glasses of wine at the party and was later given a glass of whisky by his doctor. Tests showed that the MP had 98 milligrams of alcohol per 100 millilitres of blood. The legal limit for driving is 80 milligrams.

Sir Nicholas, of Battersea, south-west London, told the

court he was not used to the car. It had pulled forward but he did not think anything serious had occurred. After being helped to reverse it, he went to see what had happened. He saw a child crying but was told by a paediatrician, who had been at the party, that the boy was not hurt. He said he patted the child on the head and walked to the nearby Conservative con-

stituency headquarters to phone for police or an ambulance. He added: "I didn't think there was any doubt about my identity. I assumed people knew who I was. I had no reason to believe anyone was injured."

Sir Nicholas said he had found the party offices closed and had walked back to the scene to find people there excited and in a state of "confu-

sion" so he decided to wait for police at his doctor's home. He declined to comment after the case yesterday.

Sir Nicholas, a leading Tory "wet", has been involved in controversy before. In 1994 he admitted that he misled MPs when he denied that his department had been involved in wrecking tactics designed to kill the Disability Bill.

DoE admits killing fish

The Department of the Environment yesterday admitted responsibility for the deaths of thousands of fish in a river in Co. Down, Northern Ireland.

The salmon and trout died after chemicals from a water treatment works in the Mourne Mountains leaked into the Upper Bann. Fish along an 18-mile stretch between Rathfriland and Banbridge were affected. Anglers said that it could be up to 15 years before the river was properly restocked.

The leak has been traced to an underwater pipe at the Fanny water treatment works

near the Spelga dam reservoir in the Mourne.

Preliminary scientific analysis has still to be completed, but the Department of the Environment has promised that an immediate and detailed inquiry will be launched.

The chief executive of the water service, Henry Plester, said: "We plan to carry out a full investigation of the water-treatment works and its performance, and to take the necessary steps to avoid a recurrence of any problem which might be identified."

The Northern Ireland Fish-

ery Conservancy Board reacted angrily to the disaster. Bill Smyth, the chief executive of the board, said: "Fish of several generations, particularly trout, have been lost. We will have to restock from other sources and it is going to take five to ten years for the river to recover."

Two other rivers in Northern Ireland, the Mourne near Omagh, Co. Tyrone, and the Bush at Portlaurie, Co. Antrim, have been devastated in earlier killings of fish stocks caused by commercial pollution.

Flyposter tells court he was 'set up' for fatal shooting

A flyposter charged with shooting two men, one of whom died, in a city centre yesterday told a court that he was nowhere near the scene of the attack.

Marcel Williams, 32, of Old Trafford, Greater Manchester, told Liverpool Crown Court that he was at a barbecue in Halebarns, Cheshire, from late afternoon until about 9.30pm before he went to a pub with his brother and other people.

He then spent the night at his girlfriend's flat, but the following day learnt that he was being "set up" for the shootings. He received a telephone call at his home from someone with a local accent saying that he was "a dead man".

Mr Williams denies murdering Chris Horrox, 30, of Glossop, Derbyshire, and attempting to murder his business partner Jimmy Carr, 46, of Sale, Greater Manchester.

The court has heard that Mr Carr and Mr Horrox were out at night putting up bills when Mr Carr was hit by four bullets and Mr Horrox was shot through the head on 2 May 1994.

Mr Williams said that he and Mr Carr "got on" and although they had different personalities, there was no reason for him to shoot him. He said that he had only met Mr Horrox on one or two occasions and had thought he was a student.

Four days before the shoot-

ing Mr Carr had told him and an acquaintance, Gregory Clark, that he had a consignment of guns coming that weekend, Mr Williams said.

He said Mr Carr also claimed in early January that year that Mr Horrox was going to drive him down to London to pick up some guns and bring them back to Manchester.

Mr Carr has told the court that he and Mr Horrox, who worked for his London-based brother, were out flyposting because Mr Horrox had a rush job of film posters. He said that they were about a mile from the city centre, when Mr Williams arrived and asked, "what's happening?"

Mr Williams left and returned about 11pm when they were working at the junction of Sackville Street and Bonny Street, walked towards them and shot him twice, according to Mr Carr.

He said that he pretended to be dead, was shot twice more and then heard Mr Williams shoot Mr Horrox. Convinced that he was dying he gathered several people around him and named Mr Williams as his assailant.

Mr Carr, who runs the flyposting business in Manchester, has told the court that he was not involved in the firearms or drugs trades.

The case continues.

Woman carer cleared in 'mercy killing' case

A woman accused of attempting to murder a 71-year-old cancer victim walked free from court yesterday after the prosecution offered no evidence and said it was not in the public interest for the case to proceed.

Rachel Heath, 31, of Woolston, Southampton, had continually denied attempting to murder widow Kathleen Corfield and a second offence of administering diamorphine.

Mrs Corfield, a retired civil servant, was receiving treatment for terminal cancer and died in Southampton General hospital in December 1994.

Minutes before she was due to appear in the dock at Winchester Crown Court, Mrs Heath, a home-help who had cared for Mrs Corfield, was told that the hearing was not going

to proceed. She wept and hugged friends, but left refusing to make any comment.

Philip Mott QC, for the prosecution, said the decision had been taken to offer no evidence against the defendant and she should be found not guilty. He explained the Crown Prosecution Service acted in accordance with a set of rules which made it clear there were two stages in a prosecution.

The first stage was an evidential test but even if a case passed that one, prosecutors had to decide if the prosecution was in the public interest.

He said the decision not to proceed was not caused by any re-assessment of the evidence, although it was fair to say the defendant had always denied any involvement in any illegal action. There was a balance of

public interest factors, including a likely sentence. If a court was likely to impose a small or nominal penalty, that may be a major factor against prosecution in a trial which could take a long time, involving witnesses with emotional involvement and being an emotional experience for the defendant herself.

That was considered before a trial, but before a trial the prosecution could only have in mind a bracket of what a judge might consider by way of sentence. Mr Mott told Mr Justice Ognall: "Your lordship has very kindly made certain views known about your assessment of the evidence, even if we prove what is set out, those views must go into the balance and cause a consideration of the public interest."

He said the decision, made at



Rachel Heath: Not guilty after no evidence offered

a high level in the CPS, had not taken lightly.

Mr Justice Ognall said the case involved very unusual circumstances. "It should be clearly understood neither the investigating nor prosecuting agencies are to be faulted in any way over bringing the matter this far. They would, in my judgment, have been failing in their duty had they done anything else."

Sellafield radiation ruled out

FROM PAGE ONE

a blaze of publicity in 1990, by the late Professor Martin Gardner, that paternal preconception irradiation might be responsible.

Unable to get the conventional theories to pass muster, the committee is looking at the idea first put forward by Dr Leo Kinlen of Oxford University, that childhood leukaemias may

result from the influx into an isolated rural population of a large group of people from elsewhere – possibly bringing agents of infectious disease with them.

At least one form of human leukaemia is known to be caused by a virus, so it is possible that the childhood leukaemias may be due either to an as yet unknown human leukaemia virus, or may be a reaction to infection by other pathogens.

But many communities around Sellafield experienced a large influx of new populations in the 1950s and 1960s without suffering childhood leukaemias, so why is Sellafield special?

"I was visiting Sellafield a year ago," Professor Bridges said, "and was shown an aerial photograph of the site in the 1950s and saw a row of Nissen huts beside the river Ehen. The professor discovered that the

sewage from the construction workers' huts went straight into the river and drifted to the coastline, a mile from Seascale. "This is the only unique factor we can see that Seascale has," he said.

Although Professor Bridges stressed that no virus had been identified, he noted that no one born after 1984, when a sewage treatment works was installed, had yet gone down with leukaemia.

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0800 00

Care in the community: First they lost his notes, then they ignored his therapist's report, then he slaughtered three people

GLENDA COOPER

Psychiatrists ignored a report detailing the homicidal fantasies of the schizophrenic Jason Mitchell, who later went on to kill three people, an inquiry revealed yesterday.

And key evidence about Mitchell's mental health was underplayed and not passed on to different agencies.

The inquiry, which made 49 recommendations, called for the scope of future mental health services to be broadened so that patients' psychological states were considered rather than just giving them medication.

Sir Louis Blom-Cooper QC, who chaired the inquiry, said: "Only then can there be a real hope and expectation that the seriously mentally disordered can be cared for and treated such as to reduce to an irreducible minimum the cases of homicide or near homicide."

In December 1994 Jason Mitchell, then 24, strangled an elderly couple, Arthur and Shirley Wilson, in their home in Bramford, Suffolk, after "ab-

sconding from a half-way house."

Five days later he strangled and dismembered his father, hiding the head, arms and legs in the loft.

Sir Louis said that the triple killings could not have been predicted and were not preventable. However he added: "Had different steps been taken at various stages from 1989 onwards the ultimate outcome might have been avoided."

Mitchell was sent to West Park Hospital, Epsom, Surrey, in 1990 after he assaulted a 70-

year-old church cleaner with a baseball bat. A year later he was given conditional discharge by a mental health review tribunal. He revealed his thoughts to Jackie Leaver, an occupational therapist at West Park, and

light of their patients' emotional lives as well as their mental condition. It also notes that lack of communication between agencies had exacerbated the problems. "The prison services did not op-

seen by courts or doctors dealing with his case as they were lost in the prison system. And when the mental health tribunal agreed that he could be conditionally discharged from West Park if suitable accom-

Details should be passed on to all those involved in criminal proceedings, clinicians and to the Home Office where patients are restricted. These papers should become part of the patient's clinical record.

Christopher Wilson, son of Arthur and Shirley said that there had been a "catalogue of errors". "I question the judgment of local professionals who considered Jason Mitchell suitable to be integrated into the community," he said.

And Marjorie Wallace, chief executive of the mental health charity Sane, said the inquiry showed that "the way in which the different agencies commu-

nicate is more like a game of Chinese Whispers - by the time the decision is made to discharge someone it is based on partial and often confused information."

The health minister, John Bawie, said Sir Louis' report "makes it clear that there was no single act or omission that contributed to these tragic deaths".



Jason Mitchell: Clues to his mental state were ignored, an inquiry says Photograph: PA

Schizophrenic with ambition to climb 'social ladder of killing'

"I needed to make an impact... it had a big impact on me and the rest of society... because he was my father. In Silence of the Lambs he says he killed his parents when he was six [sic] years old. It had no bearing at all on my killing my father. It's a job's worth doing it's worth doing well. I'd had an impact. I regret I didn't finish what I'd planned and killed more people."

There was something about my father. I had to

work slowly or as quietly as I could. It's on a film or something... Silence of the Lambs. A horror film. I went straight to my father's."

"It was a dark night, the moon was full, it was quite psychotic, quite psychopathic, serial killer, dead calm."

"It seemed to me as if I was on a social ladder of killing amongst killers."

In February 1991 she reported on his homicidal fantasies. Ms Leaver recorded that he had once "carried a machete around with him and fantasized about how he would use it if attacked."

He also had a thought that it would be a fun thing to do if he killed a vicar for Christmas in his hometown of Bramford."

She warned: "If Jason returns to his past way of life he could become a danger in the community."

But Ms Leaver's report was "dealt with dismissively by clinicians and members of staff," said the inquiry. "Had there been a concerted effort to elicit from Jason Mitchell himself the homicidal intention which he had fleetingly communicated to some people..."

There would have been a perceived need for clinical evaluation. The report calls on those responsible for the care of the mentally ill to understand seriously disturbed behaviour in the

erate sufficiently in harmony in ensuring that those discharged into the community, either from prison or hospital are properly supervised," said Sir Louis.

Records from when Mitchell was on remand and then in youth custody in the late 1980s showed he was exhibiting disturbing behaviour even then.

But these records were never

moderation could be found, they were unaware of the seriousness of the attack he had made on the church cleaner, Jim Powell.

The panel recommended that in cases where serious or dangerous criminal acts involving mentally disordered people take place, the Crown Prosecution Service should prepare a "full account".

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How long do you have to keep them

You'll need to keep these records for about two years, or up to six years if you're self-employed. So, starting the new system on the right note will make life a lot easier. If you need help, get in touch with your tax office (or tax adviser if you have one), now.

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Young risk health to ape supermodels

Children as young as eleven are risking their health by trying to look like skinny supermodels, according to new research.

A Health Education Authority (HEA) survey of 11- and 12-year-olds found that half of girls and one-third of boys had anxieties about the shape and weight of their bodies. It claims that, by the time they are twelve, twice as many girls as boys want to lose weight, and blames the influence of fashion models for low self-confidence and poor self-image in children as they strive in vain to live up to the supermodel ideal.

Parents, meanwhile, are floundering in their attempts to help because they are ill-equipped to discuss sensitive issues such as body image with their children, the report says.

The HEA has called for guidelines to be produced to help parents deal with the five stages of childhood - antenatal, postnatal, pre-school, 5- to 11-year-olds and teenagers.

Kathy Elliott, director of family and child health at the HEA, said: "Parents' need for information only begins when they have their first baby but it continues, and evolves, as their children grow. They want reassurance about what is 'normal' behaviour."

Research found that mothers were often unprepared for the shock of a new baby - even after antenatal classes - and that outside support for the mothers lessened as their children grew older.

The report recommends that more attention should be given to the emotional aspects of parenting, and in particular to the needs of fathers and boys who lacked awareness when it came to issues of stress, sex education, and relationships.

Despite the recommendations, the report - the first to examine parents' and children's perspectives on health - concludes that no model of parenting is better than another.

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news

Dearing heralds 16-plus exams shake-up

JUDITH JUDD
and FRAN ABRAMS

Ministers yesterday accepted wide-ranging reforms of exams for pupils after the age of 10 put forward in a report heralded as the biggest shake-up for 40 years. The report from Sir Ron Dearing aims to bridge the gap between academic and vocational qualifications by creating a new national diploma for students starting courses in September next year.

A new Advanced Subsidiary exam to be taken after one year in the sixth form would encourage students to study up to five subjects. And both A-levels and advanced vocational qualifications (GNVQs) would become tougher. The latter would be renamed Applied A-levels.

Sir Ron said: "How shall we achieve the aim of bringing academic and vocational pathways together? There is only one way and that is by their intrinsic quality: by making them first class."

Teachers and politicians welcomed Sir Ron's report. Gillian Shephard, Secretary of State for Education and Employment,

The main recommendations

- A new National Diploma for students with two A-levels, an applied A-level (formerly known as GNVQ) or an equivalent job-related qualification. Diploma students must take "key skills" - communication, number and information technology.
- A new intermediate exam so students can study four or five subjects in the lower sixth before choosing which three A-levels to take.
- The lowest-achieving 20 per cent of 14-year-olds will have the chance to do work-based courses in further education colleges while remaining on their school's roll.
- High-fliers will be able to take revised Special Papers and to study for units of degree courses while still at school. They will also be offered a revamped General Studies A-level.
- Easier A-levels in the arts and humanities will be made tougher so the same number of high grades are awarded in all subjects and by all exam boards.
- Vocational A-levels will be reformed to improve their status with universities, and external examiners will be appointed.
- Youth training will be restructured as a system of National Traineeships run jointly by employers and colleges. These will lead on to modern Apprenticeships, job-based training which can lead to university entrance.

said: "We need a wide range of rigorous and high quality qualifications. Only in this way can we build a well educated and highly skilled adult population for the 21st century."

David Blunkett, Labour's education spokesman, told the Commons: "It is time to set aside the prejudice that has been in place for far too long against those who are prepared to soil their hands

by working in industry and commerce."

David Hart, general secretary of the National Association of Head Teachers, said: "It is absolutely vital that GNVQs have equivalence with A-levels, otherwise the existing two-tier system will be perpetuated."

Changing the name will not of itself give parity of esteem but, combined with more rigorous vocational awards, it will be a

major step in the right direction."

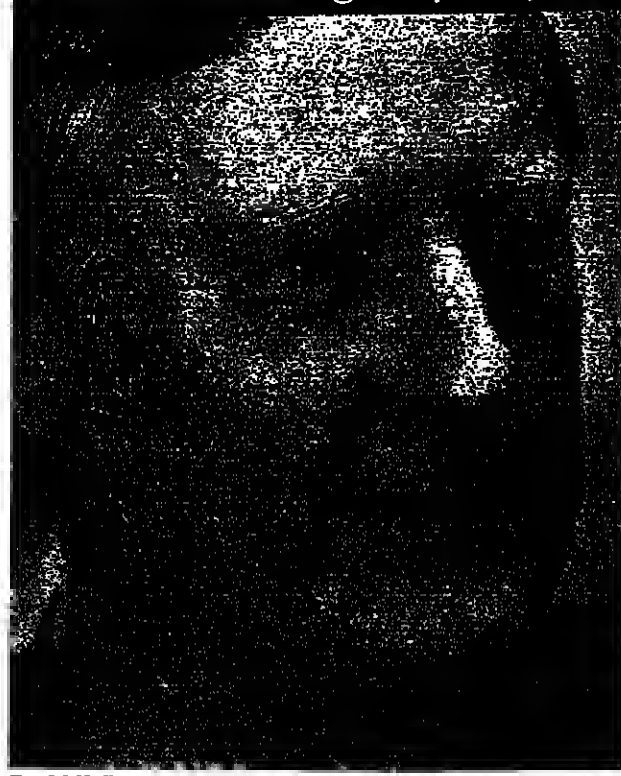
He added, however, that the new diploma would not ensure that everyone studied a broad range of subjects because it was not compulsory. Independent and state school heads in the Joint Association of the Curriculum Group welcomed the new Advanced Subsidiary exam and the introduction of key skills but said they did not support the national diploma. "Members are uncertain how attractive it will be to learners. Qualifications must also have a currency with employers and higher education. Only time will tell if that is the case," a spokesman said.

University vice-chancellors backed the review's support for broader sixth-form education but warned that there were practical obstacles to the proposal for bright sixth formers to take units of university courses.

Doug McAvoy, general secretary of the National Union of Teachers, said: "I regret that Sir Ron has had to bow to the A-level gold standards lobby and has not been able to achieve greater integration of A-levels with other subjects."

Education, page 19

View from a college: A principal and three students react to the report



David Kelly, principal at Palmer's College in Grays, Essex.



Jordan Cotter, 17, is taking A-levels in history, PE and human biology.

"We specialise too early in this country. I don't think there is anyone in the sector who isn't worried about the drop-out rate from A-level. I would endorse the idea of intermediate exams. My concern is about parity of esteem between vocational and academic education. If you are going to let the students transfer to college at 14 you should also allow the high-fliers to enjoy the range of subjects a sixth-form college can offer, such as psychology or a range of languages. Then you might have a chance of delivering. If you only let out the pupils the schools want to get rid of, you will increase the divide between vocational and academic education even further."

"A few boys at my school finished their GCSE courses and didn't take any exams, and a lot of others didn't pass any. I think letting them go to college is a good idea - it seems pointless doing two years' work for nothing. I don't think you can even up the different A-level subjects. People say humanities are an easy option. They tell me PE is and easy A-level but in the last two years I have had to study six different areas in depth. That's quite hard."



Sandra Simmons, 18, is studying for A-levels in English, maths and psychology.



EMILY DOWLING, 18, is studying for A-levels in English, Psychology and Politics.

"Some people are better off doing work training. A friend of mine didn't like the work we were doing at school and was asked to leave so he went and got a job as a mechanic. Now he's matured a lot and is doing really well. At our college we already do extra courses as well as our A-levels. A lot of the coursework comes in the second year so to make up the time you do something that will interest you. I did a GCSE in photography and a word-processing course. It gives you the chance to take up new interests."

"I think they should make it easier for people to go back to school. Both my mum and dad went back to get Maths GCSE. When they thought about it they thought they wouldn't be able to do it because they would have to learn with 16-year-olds. It was a hard decision. The assumption is that you don't get colleges with older people in. Also, they had to pay for it. My dad left school at 14. If the government wants to encourage people like him to go back into education, they should make it free."

Parents reveal cycle of bullying

JUDITH JUDD
Education Editor

Three out of five parents say that their children are bullied at school, according to a report published yesterday.

Bullying sets up a cycle of misery, with parents who are bullied being more than twice as likely as others to have children who are bullied.

The report from Leeds Metropolitan University and the National Confederation of Parent Teacher Associations comes after the disappearance last Monday of a 13-year-old Manchester

girl who said she was being bullied at school triggered a nationwide alert.

Sally McGrath, a pupil at Oakwood High School in Chorlton cum Hardy who left a note saying: "I can't face another day at school. They all hate me", returned home safely last night. Her mother, Caroline McGrath, who is head of a school for children with emotional problems, said earlier that there had been an incident at school last Friday. She said her daughter had "reacted badly to banter from classmates". Oakwood's deputy head-

teacher, Ed Wylie, said: "The school does not feel this is a straightforward case of bullying."

The report, thought to be the first to ask parents about bullying, found 62 per cent had been bullied, and just over one-fifth believed it had had long-term effects. Around a quarter of parents of children who were bullied were unhappy about the way the school responded. Nearly all said they wanted written guidance from schools. They said playgrounds were the most dangerous places and should be better supervised. One said: "Playgrounds are aw-

ful places... Any areas which are not observed give bullies the opportunity they seek."

Another who had been bullied told researchers: "It was never resolved. Up to the age of 15 I tried to beat the system - expelled from school, lock-ups, approved school."

Another described what happened to her four-year-old son: "He was kicked and hit, had work pulled away, was pushed off his chair, pushed out of line as he stood in the dinner queue. Several times he was pinned to a wall - and he's only been at school five months."

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European court backs journalist who hid source

PATRICIA WYNN DAVIES
Legal Affairs Editor

Reform of Britain's law on contempt of court came significantly closer yesterday after the European Court of Human Rights ruled that British judges had illegally punished a journalist for refusing to reveal a source.

The ruling in the landmark case brought by freelance journalist Bill Goodwin also makes clear that the Government would be at risk of paying substantial compensation for any future breach of a journalist's right to protect sources of information.

Mr Goodwin, now 30, was threatened with prison for five months when a 23-year-old graduate trainee for refusing to disclose a confidential source for a business story for the *Engineer* magazine. The story was never published. At the end of protracted litigation which went as far as the House of Lords, he was fined £5,000 for contempt of court under section 10 of the 1981 Contempt of Court Act.

The section allows judges to order disclosure where this is necessary for reasons of national security, the prevention of crime or disorder or — the basis of Mr Goodwin's punishment — "in the interests of justice".

The European judges ruled that this wording was too wide, breaching the free speech guarantee in Article 10 of the European Convention on Human Rights. The article says restrictions on free speech are not valid unless they are necessary in a democratic society. The judges declared yesterday that "the watchdog role of the press is vital to democratic society".

Geoffrey Robertson QC, Mr Goodwin's counsel, and Geoffrey Bindman, his solicitor, said yesterday that the Government would now have no alternative but to change section 10.

Mr Bindman added that because Mr Goodwin's treatment by the British courts was tantamount to having been convicted of a crime, he would be seeking a Royal Pardon on his behalf.

Predictably, the British judge at the Strasbourg court, former Foreign Office legal adviser Sir John Freeland, dissented from the judgment. But the ruling has finally proved right the prediction by former law lord Lord Scarman when the Contempt of Court Bill went through Parliament that inclusion of the phrase "interests of justice" would result in a violation of the convention.

Mr Robertson and Mr Bindman said the case highlighted the need for a written Bill of Rights or incorporation of the convention into national law.

While the cause of investigative journalism has received a profound boost, with the prospect of British law being brought more into line with other European countries and the United States, Mr Goodwin expressed regret yesterday that the only media organisation prepared to back the haul to Strasbourg was the *Wall Street Journal*. The National Union of Journalists and civil rights organisations also provided backing.

Stricken tanker back at sea on journey to decide its fate



Sea Empress, the supertanker that last month spilt 70,000 tonnes of oil after hitting rocks off Milford Haven, being towed by tugs yesterday past St Ann's Head en route for Belfast, where it will be put in dry dock to decide whether or not it can be repaired. Photograph: Rob Stratton

Ex-rugby international queries ability of injury match referee

Paralysed England rugby international Danny Hearn yesterday criticised the referee at the centre of a £1m High Court damages action as "not of the highest competence".

Mr Hearn was a 26-year-old Oxford Blue with seven England caps when he broke his neck during a match between London and Midland Counties and the All Blacks in October 1967. Giving evidence from his wheelchair on behalf of Ben Smolton, the 21-year-old hooker who was left tetraplegic when a scrum collapsed during an October 1991 under-19 Colts game between Sutton Coldfield and Burton on Trent, Mr Hearn criticised the standard of control exercised by match referee

Michael Nolan. He said that if, as alleged, it was correct that there were 25 scrum collapses before Mr Smolton's accident, Mr Nolan had fallen far short of the standard of the Staffordshire Society of Rugby Football Union Referees.

"I think it's a quite extraordinary number of collapsed scrums and the fact he hadn't been authoritative enough to prevent the number of scrums would suggest to me that he isn't a referee of the highest competence," he said. "And particularly a referee refereeing at that level, where he has an excessive duty of care for the protection of those young people."

Mr Smolton of Sutton Coldfield, West Midlands, is suing

Mr Nolan and Thomas Whitworth, a member of the opposing team, who both deny liability. He claims the match was not played according to the laws of the game or in a sporting spirit.

Mr Hearn, who was in charge of rugby at Haileybury College public school for 15 years, said a referee's job was to be a calming influence and take the steam out of young enthusiastic players.

It was a matter of huge importance that he should "act before the storm". "The potential for danger is greater at under-19 level which is exactly why the laws were changed to reduce the risk element in the game."

He added: "Rugby football is

not a game for young people to sort each other out... If scrummages continue to be unstable and, in fact, dangerous, he [the referee] has no option but to stop the game."

Earlier, a team-mate, Robert Elias, said he started the game as hooker, but swapped with Mr Smolton, who was on the wing, after 15 minutes because his neck was sore from the scrums. "I couldn't take too much more pressure on my neck," he told Mr Justice Curtis. "I then had an outside view of what had been happening to me. The same kind of occurrences were happening — the scrums were being engaged with great force and had to be reformed."

The case continues today.

Court blow for asbestos claims

A senior Court of Appeal judge yesterday refused to concede that a hearing on asbestos-related cancers was a test case for up to 500 sufferers.

A British multinational engineering company, T&N, is trying to overturn a High Court judge's landmark decision in October last year that it must pay damages over two cancer victims who as children played in the drifts of white dust which blanketed the roads around their homes.

The High Court decision — the first time that a court had awarded compensation for asbestos claims made by anyone other than those working in a plant — was hailed by solicitors representing victims as a test case for up to 40 other people in the Armley area of Leeds near the asbestos plant, and possibly 500 nationally. But Lord Justice Russell said on the second day of the Court of Appeal hearing that he was "far from satisfied" about reports that the High Court decision and the current appeal was a test case. "It has special features relating to these two people and the High Court judge expressly rejected the environmental argu-

ment," he said. It was a feature of the two cases that the victims had told of asbestos dust lying like snow in their school playground and of making snowballs from split bags of raw asbestos on the loading bay at the factory, JW Roberts, Lord Justice Russell said. "This was a case about two people being exposed to high concentrations of a hazardous nature, playing at the loading bay. It does not relate to other cases."

Evelyn Margerison, 70, was awarded £50,000 by the High Court in Leeds for the death five years ago of her husband, Arthur, who had mesothelioma, a cancer of the chest lining. June Hancock, 60, who was awarded £65,000, is suffering from the same disease.

William Woodward QC, for T&N, has told Lord Justice Russell and two other Court of Appeal judges that the dust outside the immediate area of the factory and before regulations were introduced in 1933 had been deemed "not guilty" in the High Court judgment. He said it could not be determined which dust had caused the mesothelioma.

The hearing continues.



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DAILY POEM

At the side of the road

By Cliff Forshaw

Inside, it seems that speed has dreamed them
from the zither of sun and trees;
as rubber hums distance from blacktop,
beasts migrate through this road.

On foot, abruptly out of woods,
they could be half-worked forms,
striving to be free of stone or clay.
Hare. Owl. Old gods, fixed in flight or leap.

But flattened, squashed:
failed studies, bad maquettes:
clay gone wrong — broken, binned;
only spinning in the hub-cap's eye.

Here the ancient path is crossed out, crossed:
an amputee's stump dapped in pluck;
old blood scabbed black;
a blumen warning against the door's grain.

From underworld, dreamtime,
a pixie passes through tarmac rivers.
At the edge, where the water's ebb is frozen,
a wing is fluttering, catching in the traffic's wake.

Slowly, they will be shaped back to earth:
worked at by insects, prodded by worms;
or dragged back through the hedge tonight
by the fox who lives with head-lights in his eyes.

Cliff Forshaw is completing a DPhil in Elizabethan literature at Wolfson College, Oxford. Recent collections include *Strange Tongues* (1994), *Esau's Children* (1991), and *Himalayan Fish*. (1991) His work is also represented in the British Council anthology *New Writing 4* (eds. Byatt & Hollinghurst, 1995) and the *Forward Book of Poetry 1996*. This poem appears in his latest collection, *The Dade County Book of the Dead* (National Poetry Foundation, 1995).

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politics

Labour's NEC tells candidate to stand down

JOJO MOYES

The Labour Party leadership asked John Lloyd, its prospective candidate for Exeter, to stand down yesterday, following allegations about his involvement in terrorist activities in South Africa.

The party's National Executive Committee said that Mr Lloyd had "misled" both it and the general secretary of the party, Tom Sawyer, about information concerning his candidature.

A panel set up by the NEC to investigate claims about him concluded: "Mr Lloyd's lack of openness had brought into question his credibility and integrity as a candidate". It warned that if Mr Lloyd refused to stand down, it would rescind his endorsement as candidate.

Mr Lloyd, the deputy leader of Exeter City Council, is the first candidate chosen for the forthcoming general election to be rejected after having been endorsed by the NEC.

He has been attacked by the Tories after he admitted his involvement in terrorism in South Africa in the 1960s. He was a member of the African Resistance Movement, which aimed to oppose apartheid by planting bombs at targets such as electricity pylons and radio masts. However, Mr Lloyd, who works as a barrister, was also accused of betraying a fellow conspirator who was executed for planting a bomb in Johannesburg which killed one person.

An earlier investigation by Labour officials cleared Mr Lloyd, and he was endorsed as



John Lloyd: Accused over his South African past

the party's candidate for Exeter last year. But relatives of John Harris, the man who was executed, wrote to the NEC complaining about Labour's decision to endorse Mr Lloyd as its candidate. They claim he refused to give evidence to the South African court which could have saved Mr Harris.

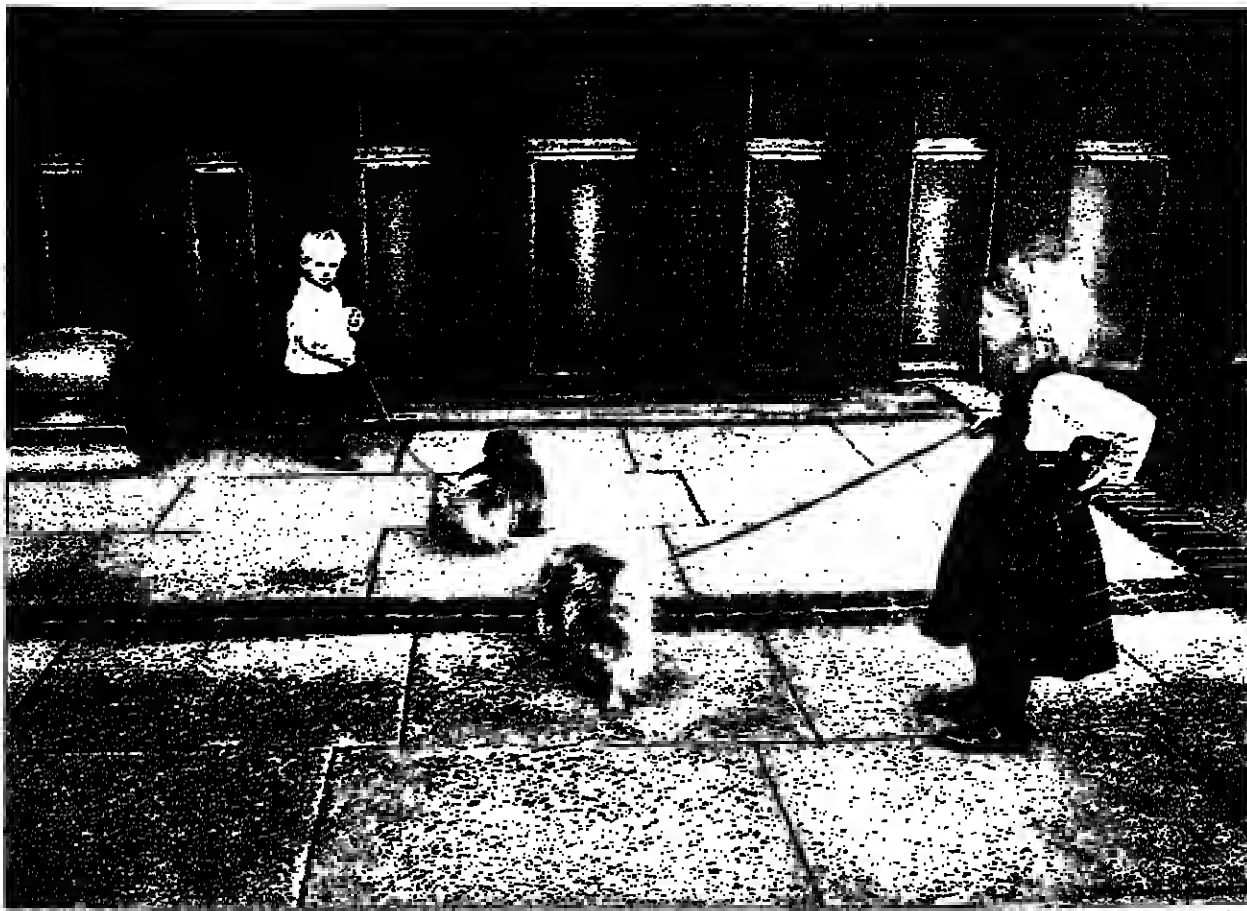
Mr Lloyd, who fled to Britain after the court case in the 1960s, said yesterday: "They interviewed me last week and asked me about my South African background and what I had told the local party. If you ask the party they will say nothing has come out since selection they had not known about."

Throughout the row Mr Lloyd has had firm local support. Keith Owen, chairman of Exeter Labour Party, said: "Most of the older members of the local party knew already about this. Those who didn't were told about it in the selection meeting... How can events 30 years ago in a different country affect politics in Ex-

eter today?" He said that at the local party's annual meeting in February there was a 70-2 vote in support of keeping Mr Lloyd as a candidate.

A fresh row was brewing last night over the selection of Michael Wills, a TV producer, as the Labour candidate for Swindon North after the Swindon Labour Party passed a motion calling for a rerun by the NEC, writes Colin Brown.

A motion by the white-collar MSF union, passed unanimously, said it would mean local party members would have no say in the selection of the candidate. Local party supporters are backing an activist, Jim D'Avila, who has been protesting at losing the contest.



Pet therapy: Abigail Miles (8), her brother Edward (2) and their dogs take a break during a conference organised by the Society for Companion Animal Studies to highlight the social and health benefits of keeping pets. Photograph: Kalpesh Lathiga

Burma boycott urged

CHRIS BLACKHURST
Westminster Correspondent

Children working under slave labour conditions are being used to build hotels and roads to cope with an expected surge in western tourists visiting Burma, it was claimed yesterday, as a campaign was launched to urge tourists to boycott the country because of its human rights record and repressive regime.

Last year, about 2,000 Britons holidayed in Burma, but the country's military junta wants to boost the numbers dramatically and has designated 1996 "Visit Burma Year", in an attempt to attract hard currency and achieve legitimacy in the eyes of the rest of the world, the Labour Party and Burmese pro-democracy campaigners said.

Derek Fatchett, Labour's foreign affairs spokesman, called on the Government to discourage trade links forged by a recent business delegation. He said he had been told that a plan to send a second trade delegation was being reconsidered.

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Tory supporters urge tougher right-wing line

COLIN BROWN
Chief Political Correspondent

John Major was urged yesterday by Conservative grassroots supporters to defend the nation's flag, the Royal Family, and the House of Lords, in *Our Nation's Future*, a strongly right-wing manifesto for the general election to defeat Tony Blair's New Labour.

The biggest consultation exercise ever carried out by the Tory Party showed its supporters across the country want Mr Major to campaign on a platform mixing patriotism with a strong dose of Euro-scepticism. Labour accused the Tories of a "lurch to the right".

The soundings of the Conservative supporters in the country, published by Tory leaders yesterday, showed that many in the party are hankering for a return to the main themes of Thatcherism to defeat Labour's plans for devolution, constitutional reform and joining the European social chapter.

Tory supporters said the UK did not fly the flag enough. Some called for the law to be changed to allow the Union Flag to be flown from buildings without consent; for the national flag to be flown at the Conservative Party conference; and for the national anthem to be played more frequently.

The results, which will be fed into the party manifesto for the general election, will increase the pressure on the party leadership for a strong right-wing appeal to the electorate. That

could open the party to claims of fighting the next election on jingoism, and it may unsettle the "One Nation" Tories who have been touted by Labour and the Liberal Democrats to defect.

The Euro-sceptic tone in *Our Nation's Future* included resistance to any surrender of British sovereignty and calls to reject any moves toward a "United States of Europe".

The majority were "sceptical" about a single currency and were reluctant to see Britain join up, but the party favoured continued British membership of the European Union, said Brian Mawhinney, the chairman of the Conservative Party.

They were highly critical of the European Court of Justice and its overruling of decisions by British courts.

The Chancellor was urged to make deeper cuts in public expenditure down to 30 per cent of GDP and in taxation. Kenneth Clarke's own Rushcliffe constituency said there should be a substantial increase in the tax threshold to take more of the low-paid out of tax - but more right-wing supporters wanted direct tax cuts. The welfare state was also too large, and needed targeting of benefits, through means testing, including child benefit.

Dr Mawhinney insisted that the document was not a blueprint for the Conservative manifesto for the general election. He claimed it showed the party membership in tune with the Parliamentary party and stressed that he had not been surprised by any of the results.

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Rabin's assassin gets life sentence

PATRICK COCKBURN
Jerusalem

An Israeli court yesterday sentenced Yigal Amir, the religious student who shot dead Yitzhak Rabin, to life imprisonment. Judge Edmund Levy said: "With premeditation and amazing calm, he decided that the death of the late prime minister was the only way to stop the peace process he opposed."

Amir, who confessed to shooting Mr Rabin in the back as he left a peace rally in Tel Aviv on 4 November, looked less assured than during his previous court appearances, but expressed no regret for his action. He told the court: "Everything I did, I did for God, for the Torah of Israel, the people of Israel and the land of Israel."

The court dismissed a defence plea for a manslaughter conviction. Judge Levy said: "Our conclusion is that he had no doubt about his intention to kill." As well as receiving the maximum life sentence, Amir, a 25-year-old law student, was also given six years, to be served consecutively, for wounding Rabin's bodyguard.

As he was led from the court, Amir shouted: "The state of Israel is a monster." During the two-month trial he gave conflicting evidence, at one point saying he had only intended to paralyse Rabin.

The prosecution produced statements made by him immediately after the assassination in which he said he wanted Rabin dead. An examination by psychiatrists during the trial said Amir had "narcissistic and schizoid" tendencies but was sane. At times during the trial he took over from one of his lawyers, a right-wing Israeli settler from Tel Aviv, to question police

witnesses. Another lawyer said yesterday that Amir has an IQ of 144, far above average. His confident smirk irritated many Israelis watching the trial on television, but it was not in evidence yesterday.

The son of an Orthodox rabbi and a kindergarten teacher who came originally from Yemen, Amir received a religious education. After leaving the army he went to Bar-Ilan, a religious university near Tel Aviv, where he was a leading member of nationalist religious circles. He took part in demonstrations against the Oslo peace accords and the partial Israeli withdrawal from the West Bank.

He stalked Rabin for a year before he killed him. Throughout the trial there was no doubt that he was the killer since he was arrested immediately afterwards, and the assassination was filmed by an amateur video recorder. The Shamgar commission is to report today on the security breakdown which allowed Amir to get so close to his victim.

In the immediate aftermath of the killing it appeared that the murder of Rabin would prove counter-productive for the religious right. Shimon Peres, his successor, withdrew the Israeli army from several Palestinian towns on the West Bank without any protest. Israeli settlers on the West Bank were left isolated. The Labour Party appeared to be coasting to an election victory on 29 May.

But the murder helped initiate a cycle of violence which still continues. The desire of the Shin Bet domestic security agency to restore its reputation - and of Mr Peres to show that he was tough on security - helped to ensure that Israel went ahead with a plan to assassinate Yahya Ayyash, the



Trial's end: Courtroom television monitors showing Amir seated between police officers as the verdict is read out

Photograph: Reuters

Palestinian bomb-maker, in Gaza on 4 January. This, in turn, set the stage for the four suicide bombings which killed 62 people in Israel within nine days. The government feared the Tel Aviv courtroom would be-

come an Israeli version of the OJ Simpson trial, in which Amir would be able to justify his views to the public. In the event, the judge prevented him from making any political statements.

The drama of the trial was also deflated by the wrangling between Amir and his lawyers, who included an immigrant from America who appeared unfamiliar with Israeli law. The verdict and sentencing were

broadcast live on television yesterday, the first time this has happened since the trial of Adolf Eichmann.

Meanwhile, Ehud Barak, the Foreign Minister, said yesterday that Israel will not withdraw from Hebron, the last West Bank city it occupies, until the Palestinians stop terrorist bombings. He suggested that talks on a permanent peace agreement, set to begin in May, might be delayed.

Briton relives kidnap ordeal

ROBERT MILLIKEN
Sydney

A Briton told the backpacker murders trial yesterday how he fled for his life from the man who now stands accused of being a serial killer.

In the New South Wales Supreme Court Ivan Milat, 51, pleads not guilty to murdering two British women - Joanne Walters and Caroline Clarke, both 22 - two Australian teenagers and three young Germans. They all disappeared while hitch-hiking near Sydney between December 1989 and April 1992. Their mutilated bodies were later found in the Belanglo State Forest south of Sydney. Most of the backpackers had been stabbed to death, while Ms Clarke and one of the Germans had been shot repeatedly in the head.

Mr Milat also denies abducting Paul Onions, the Briton in the witness box yesterday, when Mr Onions was visiting Australia in 1990. Mr Onions, 30, a testing engineer from Willenhall, West Midlands, has been under police protection since he arrived in Australia last Friday to give evidence.

The jury of eight men and four women heard Mr Onions describe how he left Sydney on 25 January 1990 to hitch-hike along the Hume Highway towards Melbourne. Mr Onions said that a man had offered him a lift as far as Canberra. "As we drove along, his attitude changed and he wasn't too friendly. He talked about all the ethnic people in Australia and the British in Northern Ireland, and how we shouldn't be there. The conversation got a bit anti. I got a bit nervous."

After half an hour, the driver stopped the four-wheel drive vehicle under the pretence of searching for cassette tapes under the seat. Instead, he produced a rifle. "The gun was pointed straight at me," Mr Onions said. "I could feel my voice shaking. I couldn't believe it. I said, 'Calm down'."

As he fled along the highway, he said, he heard the gun go off. "I started dodging the best I could." The man chased him and caught him. "I thought, 'This was my last chance. I've got to get away.' He struggled free, stood in front of an on-coming van and jumped in. The driver took him to the police station in the town of Bowral.

Mr Onions returned to Britain, but went back to Australia in May 1994 to assist police after the backpacker serial killings came to light. In court yesterday, a video was played showing 13 photographs of men which police showed to Mr Onions in 1994. He identified yesterday, as he did then, the fourth picture as that of the man who attacked him. When Mark Tedeschi QC, the state prosecutor, asked Mr Onions if he could see that man in court, Mr Onions pointed to Mr Milat, sitting in the dock about three metres to his right, and said: "That's him there."

The trial continues.

China bars Patten's men from future role in Hong Kong

STEPHEN VINES
Hong Kong

Any lingering doubts about whether China will tolerate the smallest degree of independence in the running of Hong Kong have been dispelled this week. In moves that have surprised even some of China's most enthusiastic supporters in the territory, which reverts to Chinese rule next year.

At the beginning of the week, Lu Ping, China's most senior official dealing with Hong Kong, said the only member of Peking's hand-picked Preparatory Committee, who voted against the dissolution of the existing legislature and its replacement by a temporary appointed body, would be barred from serving on the new council and could not take part in the selection of members.

It was later confirmed also that no members of the majority Democratic Party would be allowed to join the council. Then, China announced the new body would be established before the end of colonial rule and would enact a host of laws scrapping the modest democratic reforms introduced by the Governor, Chris Patten.

The following day, China stipulated that civil servants

would have to declare loyalty to the new body if they wished to remain in its employment. Traditionally, civil servants have always been considered part of the executive wing of government and have never been called on to express views on the nature of the legislature. But an unnamed Chinese official was quoted by the pro-Peking *Hong Kong Standard* as saying the new regime would

not tolerate senior officials who had supported Mr Patten. China has denied intending to establish a shadow government, but seems to be trying instead to neutralise the Patten administration.

China's unwillingness to tolerate any dissent, even from those serving on bodies it has picked to advise Peking on the transfer of power, has been criticised by Mr Patten, the

Foreign Office and Washington. But although they have all protested against the dismantling of the existing legislature, China has shown no sign of concern about these protests. The move to get civil servants to distance themselves from the Governor publicly has prompted rare expressions of unease from Peking's supporters in the territory. Eric Li, of the Preparatory Committee,

said: "Civil servants should not have a political stance, or publicise their political will." Michael DeGolyer, head of the Baptist University's Hong Kong Transition Project, a study of issues raised by the hand-over of power, pointed out that public declarations of loyalty would also be required from the judiciary. This would constitute a serious challenge to their independence, he said.

Defiant Zulus prepare to march

ROBERT BLOCK
Johannesburg

The stage is set for a potentially bloody confrontation today between police and thousands of mostly Zulu supporters of the Inkatha Freedom Party who will descend on Johannesburg this morning to commemorate the 1994 Shell House killings. Tensions between Inkatha and the African National Congress (ANC) have reached boiling point over Inkatha's vow to defy a new law banning the carrying of traditional weapons - such as spears and knobkerries - in public. The law was passed last week as a step towards

reducing violence between Inkatha, for which the carrying of spears is considered a symbol of Zulu manhood and an inalienable right, and its rivals in the ANC. President Nelson Mandela said earlier this week that the government would not tolerate demonstrations that threatened people's lives and vowed that effective security measures would be taken today to prevent a repetition of the bloodbath that took place during the march two years ago. Eight Zulu marchers were shot dead outside the ANC's Shell House headquarters on 28 March 1994. In total, more

than 50 people were killed in and around Johannesburg during the march by Inkatha supporters through the city. The rising tensions and fears of violence that might affect the stability of Mr Mandela's post-apartheid government yesterday hit the rand, which dropped against the dollar and the pound. An Inkatha spokesman, Themba Khoza, claimed there was an ANC plot to provoke violence against Zulus. However, the ANC's deputy secretary-general, Cheryl Carolus, said the claims were "outrageous, ludicrous and provocative" and were only meant to promote fear and conflict.

Mr Onions returned to Britain, but went back to Australia in May 1994 to assist police after the backpacker serial killings came to light. In court yesterday, a video was played showing 13 photographs of men which police showed to Mr Onions in 1994. He identified yesterday, as he did then, the fourth picture as that of the man who attacked him. When Mark Tedeschi QC, the state prosecutor, asked Mr Onions if he could see that man in court, Mr Onions pointed to Mr Milat, sitting in the dock about three metres to his right, and said: "That's him there."

The trial continues.

Zia to step down until Bangladesh election

ANIS AHMED
Dhaka

The Prime Minister of Bangladesh, Begum Khaleda Zia, gave in to months of pressure yesterday and asked President Abdur Rahman Biswas to set up a caretaker government to oversee fresh elections. Senior bureaucrats had told the president earlier that they could not work from today unless the country's political crisis was resolved.

"The Prime Minister has re-

quested the president to give his assent to the Constitution (13th Amendment) Act, 1996, passed on Tuesday and immediately take the initiative to form a non-party caretaker government," state television said, adding that the prime minister reiterated her pledge to hold the election in May. However, Mrs Zia's move stopped short of meeting opposition demands that she resign by yesterday.

Senior bureaucrats had earlier asked the president to set up a caretaker administration.

"The administration, economy and law and order have all collapsed. As there is no obstacle to the formation of the caretaker government, we have suggested to the president that it should be formed immediately," said a statement signed by the Cabinet Secretary, Ayubur Rahman, the country's most senior civil servant, warning that workers would not be able to perform their duties "unless the situation improves". Analysts and diplomats described the bureaucrats' move as

a blow to Mrs Zia's government. "It suggests that Mrs Zia's days have now been reduced to hours," one diplomat said. The bureaucrats expressed their inability to work shortly after opposition parties had said Mrs Zia must stand down to enable a new law mandating a caretaker government to take effect. Parliament, which almost entirely consists of members of Mrs Zia's Bangladesh Nationalist Party passed the law on Tuesday in an attempt to end the long-running political crisis.

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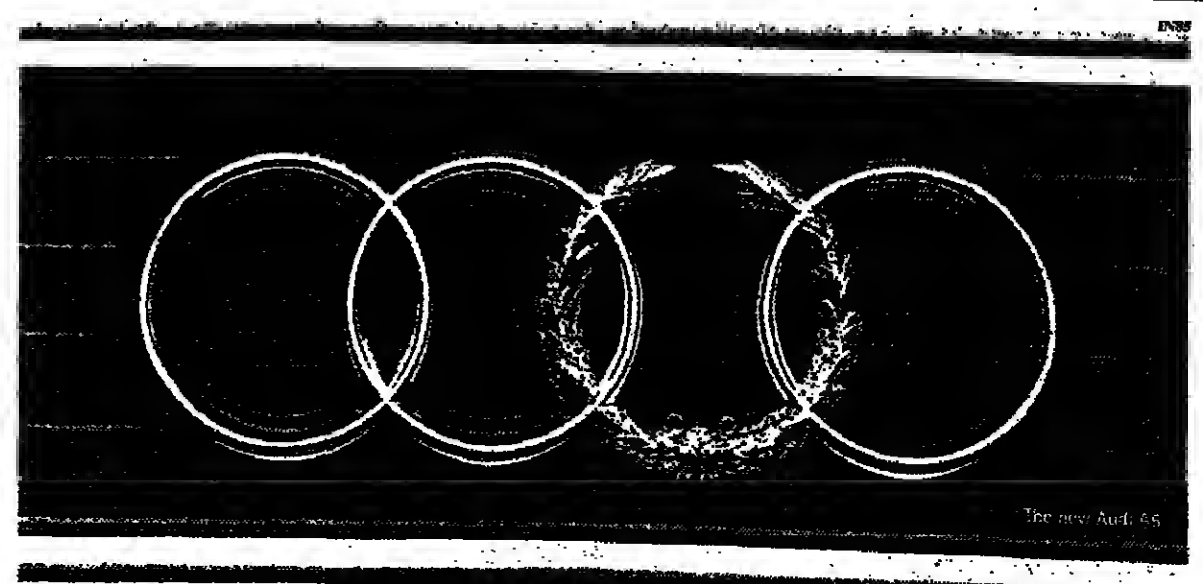
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Nuclear smuggling: The West fears dangerous material could pass to terrorists as Afghans peddle contraband to highest bidder

Iranians 'buying ex-Soviet uranium'

TIM MCGIRK
Peshawar

Iran is reported to have bought enriched uranium from Russian diplomats based in Mazar-e-Sharif, in northern Afghanistan, according to Western diplomatic sources.

The enriched uranium is part of a lethal hoard of strategic nuclear equipment that is being plundered from high security installations in the former Soviet republics and smuggled down to Afghanistan and the Pakistani frontier city of Peshawar, as revealed in *The Independent* on Sunday this weekend.

This enriched uranium – bought secretly by Iran two months ago – was pilfered by underpaid security guards at a nuclear plant in Kazakhstan as part of their "bonus". From Central Asia it was transport-

sands of dollars, through Moscow and into Europe. Few Afghan smugglers now holding this nuclear material are aware of its radioactive effects.

In Washington, the CIA director, John Deutch, expressed concern over the threat of "loose nukes" being smuggled out of the former Soviet Union. He said that since the collapse of the USSR, the Russians' ability to maintain tight control over their nuclear facilities had slackened.

According to the CIA, Iran is secretly building up its own nuclear weapons programme and is a leading buyer of the contraband. In Peshawar, one Westerner in contact with the dealers tells of "Iranian colonels and majors walking around with Samsonite suitcases full of \$100 bills, who are shopping for this stuff".

Other keen buyers are Iraq, North Korea, Libya, and possibly Pakistan, all suspected of making nuclear weapons. The other interested shoppers are Western governments who are anxious to stop the former Soviet Union's pilfered nuclear technology from being grabbed by terrorist groups.

One Western diplomat in the Pakistan capital, Islamabad, remarked: "This material is supposed to be strictly controlled, and if the Russian mafia or somebody else is smuggling this out, then it's very serious. Many of these things being hawked around are radioactive. We're worried about a disaster. Not only is this dangerous to the individuals who are moving it around, but there's also potential for a terrorist group buying up bits and pieces."

The prospect of terrorists acquiring A-bomb equipment in Peshawar is not the far-fetched stuff of spy novels. Islamic extremists from many countries used Peshawar as a base from 1979 onwards during the Afghan jihad, or holy war, against the Soviet forces. Even after the Soviet withdrawal in 1989, many Muslim extremists stayed on. Under pressure from foreign governments, the Pakistani prime minister, Benazir Bhutto, has tried to expel these Islamic revolutionaries but many of them simply vanished across the border into lawless Afghanistan.



Nuclear frontier: A Pakistani guard at the Khyber pass on the border with Afghanistan, part of the smuggling route from the former Soviet Union

Photograph: Tom Pilstor



ed in lead cylinders to Mazar-e-Sharif. The enriched uranium, used to make atomic bombs, was peddled to the Iranians by Russian diplomats based in Mazar-e-Sharif, a city under the control of an Afghan warlord, General Abdulrahman Dostum. Mazar-e-Sharif is just a transit point on the nuclear smuggling route. Some Western diplomats are alarmed that the Russians have a huge consulate of 52 staff there. The main destination for nuclear wares is, increasingly, Peshawar. There, nuclear salesmen, usually Afghans, are offering to sell such dangerous contraband as enriched uranium, super-powerful magnets, catalysts, and alloys for making the shells of thermo-nuclear warheads.

This lethal nuclear contraband is coming down the same trans-Asia pipeline used by Afghans to move guns, heroin and looted Buddha statues, some worth hundreds of thou-

“Contrary to what Tom Clancy writes, it's not that easy to dismantle and sell off a nuclear weapon. As far as we know, that isn't available in Peshawar – not yet, anyway,” said a military expert at one Islamabad embassy approached by Afghan nuclear salesmen.

Often, antiquities smugglers run a sideline in nuclear merchandise. One Western art expert, who was expecting to see plundered antiquities from Afghanistan, instead was shown a 1,200kg stash of enriched uranium. It was hidden under the floorboards of a house in a residential area of Peshawar. The uranium came in 5kg lead cylinders that resembled “medicine jars”, he said. “I got the impression that these smugglers didn't know how to handle the stuff at all.”

A strategic steel alloy – used in making atomic submarine hulls as well as nuclear bomb casings – is also now being peddled in Peshawar by a Russian engineer. The Russian claims that the alloy has been brought down through Turkmenistan into Afghanistan along the old smuggling routes. From there it was transported across the mountain pass of Parachinar into Pakistan's tribal territories.

General Naserullah Bahar, the Pakistan interior minister, admitted that his government

was approached by smugglers bearing nuclear shopping lists. “A lot of these items are coming out [of the former Soviet Union]. Even this morning, there was someone here offering these things. They bring photographs and things, and we ask experts to look at the material and the Russian writing.

But when we ask them to bring it, they don't,” he said.

Some diplomats are worried that Afghan traders may have been tricked by nuclear suppliers in the former Soviet republics into purchasing worthless – but highly radioactive – “nuclear rubbish”. One Western military expert said:

“These Afghans end up irradiating themselves, and then dying six months later. They're crazy.”

Often, Western embassies are the target of hoaxes. “They show us a polaroid of some cylinders and they say: ‘Give us \$5m. We know you want it.’ But when we ask for samples, they

refuse. For all we know, it could be just radioactive waste scooped off the rubbish heap of some Russian hospital.” The diplomat added wearily: “But we have to check it all out. The consequences are too dire.”

Western embassies in Islamabad claim that Pakistan is helpless to stop these nuclear

traders because their long, mountainous border with Afghanistan cannot be sealed off. One diplomat said, “These Afghans are real entrepreneurs. They want money, and they don't care if somebody like a terrorist dumps this radioactive material into the water supply or makes it into a bomb.”

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Red faces: The president of the Madrid region admiring the recently discovered painting wrongly attributed to Goya

Photograph: Reuters

Goya gaffe casts shadow on Prado show

ELIZABETH NASH
Madrid

The Prado Museum in Madrid launches a huge two-month Goya exhibition tomorrow, part of an ambitious "Goya year" to mark the 250th anniversary of the Spanish master's birth. However, the fanfare has not drowned out discord created on the eve of the celebrations by the museum's over-enthusiastic discovery of a Goya that wasn't.

A religious painting, which was uncovered during the restoration of the late dictator Franco's former torture chambers in Madrid, earlier this month, was hailed within hours of its discovery as a Goya by the

director of the Prado, Jose Maria Luzon. Mr Luzon, an archaeologist by training with no specialist knowledge of Goya, presides over the largest collection of Goyas in the world.

"It is a cracker of a Goya," he said, before returning with a heavy cold to his sick bed whence he had been summoned to announce the find to the world. Except that it was not. The painting, showing angels pleading for souls in purgatory, although signed by Goya, was actually painted by a lesser-known contemporary, Mariano Salvador Maella, in 1781.

The former Prado director, Alfonso Perez Sanchez, spotted the painting as a Maella the moment he saw it on television, and made his doubts known immediately. A quick check was sufficient to reveal, after the damage had been done, that the work was registered in the archives of Madrid's local government as a Maella and that a preliminary sketch was even registered in the Prado's own records.

The blunder was an unfortunate case of taking desires for reality, as remarks by the head of Madrid's regional government, Alberto Ruiz-Gallardon, suggested. "It is a particularly significant find and could not have come at a better moment on the eve of Goya's 250th anniversary celebrations," he said, after being assured there was no doubt of its authenticity.

The Prado's curators were scandalised their director had been so imprudent, especially as experts believe uncertainty surrounds dozens of paintings attributed to Goya.

"Inexplicable" and "inexcusable" were expressions bursting from the museum's press office concerning Mr Luzon's hasty endorsement. "Any responsible museum would have taken time to check. That's the right way to go about things," a spokeswoman said, adding that Mr Luzon had offered his resignation, which was not accepted.

"How many Goyas are painted by him and how many are only attributed to him?" asked one journalist yesterday of the Prado's leading authorities.

Mr Luzon shifted in his seat. "Studies on Goya are always ongoing," he mumbled. "And if that leads to reflections, that's magnificent."

Juan Luna, the exhibition's principal organiser, was more direct. "I don't know," he said yesterday. "An immense number are certain and many are doubtful. I can't give a number."

Some experts reckon that up to 150 Goyas "need to be investigated". Doubt even hovers over a masterpiece imported for the exhibition, a dazzling portrayal of two young women at a balcony. Two versions exist, one in a private Swiss collection, the other in the Metropolitan Museum of New York, which many attribute to a pupil of Goya. The one on view in the Prado's exhibition — "the original", according to Mr Luna — is from the Swiss collection.

It is not the first time that a Prado director has found egg on his face. Mr Luzon's predecessor, Felipe Garin, had to resign after it was discovered that raindrops were leaking into the room housing master works by Velasquez.

IN BRIEF

Saudi hijacker surrenders in Libya

Cairo — A Saudi man, who hijacked an EgyptAir plane with more than 145 people on board and ordered the pilot to fly to the Libyan coastal town of Tobruk, was reported to have surrendered to Libyan authorities last night. Egyptian security sources said the hijacker had told officials at Tobruk airport that he had demands to put to Libyan leader Colonel Muammar Gaddafi and that he would not harm anyone because he was not a "terrorist". All passengers were released safely. *Reuters*

Muslim guerrillas abduct French monks

Paris — Suspected Muslim guerrillas abducted seven French Trappist monks from their Algerian monastery, bringing a renewed call by France for its nationals to leave Algeria. Despite threats to their lives by Islamic militants, there are still an estimated 300 nuns, monks and missionaries in the country, according to Christian community sources. *Reuters*

Delors to run Europe's training ground

Bruges — Jacques Delors, former President of the European Commission, has been named president of the College of Europe, the oldest graduate institute for European studies and a key source of recruitment for top EU jobs. *AP*

Nato peace force fears terrorist threat

Sarajevo — The Nato-led peace force says Iranian fighters have not left Bosnia as required under the Dayton accords, and fears they pose a terrorist threat. Nato called for "immediate action" to remove the Iranians, whose presence jeopardises \$100m (£65m) in badly needed US assistance for the Bosnian army. *AP*

IMF spells out conditions of Russian loan

Washington — The International Monetary Fund (IMF) would have to suspend the new loan it has approved for Russia if a new Russian government, to be elected this year, took a Communist approach to the economy, the IMF Managing Director Michel Camdessus said yesterday as he announced details of IMF's new \$10.1bn (£6.6bn) loan for Moscow. *Reuters*

Jewish community praises Prince Philip



Remembrance: The Prince with Jewish leaders in Krakow

Krakow — The Duke of Edinburgh toured Krakow's old Jewish quarter yesterday and community leaders praised him for "sharing their wartime suffering". Prince Philip toured an old synagogue and a new Jewish cultural centre in the Kazimierz district where some 70,000 Jews lived before the Second World War. The Queen and the Duke were winding up a three-day state visit before flying to Prague. *Reuters*

China warns US over Taiwan invitation

Peking — China warned Washington that it risks sparking a fresh diplomatic row with Peking if it allows the conservative Senator Jesse Helms to go ahead with an invitation to Taiwan's President Lee Teng-hui to visit the US. *Reuters*

5,000 die in China's year of disasters

Peking — Floods, storms, earthquakes, droughts and other natural disasters killed 5,561 people in China in 1995 and inflicted \$22.59bn (£14.5bn) worth of damage, the China News Service said. More than 10 million people nationwide lost their homes, 111 million acres of arable land were affected. *Reuters*

'Dream' sports car turns into nightmare

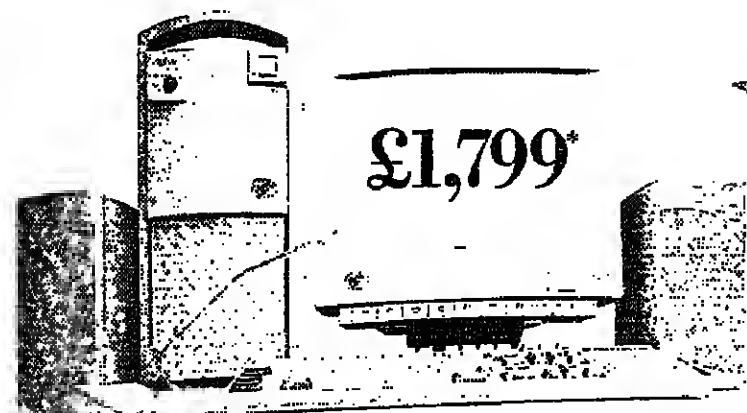
Paris — French people who believed a "dream sports car" they had won in a draw would be theirs for 159 francs received a tiny red toy worth a few centimes. Lucien Bouisse, head of the French Advertising Control Bureau, said thousands had received a leaflet saying they had won and dozens had sent money. He said he was starting legal action against the unnamed British firm. *Reuters*

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Paris and Bonn fuel storm over new EMS

DIANE COYLE
Economics Editor

An explosive row is likely to follow Tuesday's accord between Paris and Bonn on the formation of a new exchange rate mechanism for countries that do not join the single European currency.

Although monetary union is not on the agenda of the Turin summit, which begins today, sharp disagreements are likely to surface. The principal purpose of the summit is to launch the Inter-Governmental Conference, which is to rewrite the Maastricht treaty.

Reactions to a plan on relations between the "ins" and the "outs", agreed by finance ministers Jean Arthuis and Theo Waigel in Laval, northern France, on Tuesday, have been hostile, especially in Britain.

The Government is determined not to take part in a formal mechanism for the currency after the pound's disastrous exit from the Exchange Rate Mechanism in September 1992. The Franco-German announcement has also fuelled tension between the German government and the Bundesbank. The bank is alarmed by signs that Chancellor Helmut Kohl wants a single currency to start on time, even if the Maastricht criteria for membership are fudged.

A powerful ally of Mr Kohl, yesterday called on the Bundesbank to back the government over European monetary union. Wolfgang Schäuble, leader of Kohl's Christian Democrats in the Bonn parliament, said: "The German Bundesbank is bound by law to support this policy."

Speculation about a rift between the powerful central bank and the Bonn government has spread since the Bundesbank's president, Hans Tietmeyer, said a single currency was not absolutely necessary. Mr Tietmeyer, on Tuesday stressed he did not favour delaying monetary union.



but Bundesbank officials privately continue to express concern over the timetable.

France and Germany are, nevertheless, determined to press ahead with the 1999 start date for the single currency and to protect their economies against "competitive devaluations" by countries left outside. The lower pound and lira since Britain and Italy left the Exchange Rate Mechanism in 1992 have had a severe impact on exporters. France has complained loudest, but German companies also have been affected. Many switched production to the UK and Italy.

The British authorities, both ministers and the Bank of England, firmly oppose rejoining a new Exchange Rate Mechanism. Officials argue a formal "ins" and "outs" arrangement would create a fault-line in the EU. "It is pretty obvious the 'ins' would hold their own meetings in advance of the formal ones, which would then be expected to rubber-stamp everything," a senior official said.

Officials share the view of the financial markets that creating a new ERM would invite speculative attacks against "out" currencies. This view is widespread in London's currency markets. "Targeting by the central banks would be an invitation to destabilise the currencies," said a trader at a US investment bank.

The Italian lira looks most vulnerable. Analysts talk of a "nightmare scenario" in which exclusion from the single currency leads to an abrupt halt to Italian efforts to cut the government deficit, a nose-diving exchange rate, and a government default on its debt.

News analysis, pages 14, 15
Leading article, page 18



Third time lucky: Bob Dole acknowledging the cheers of supporters at his victory rally in Washington DC

Photograph: Reuter

Dole takes wraps off victor's crown

RUPERT CORNWELL
Washington

Pat Buchanan still mutters darkly, the Ross Perot show is about to roll, and in the background looms that master campaigner Bill Clinton. But Tuesday night belonged to Bob Dole - at last, at his third time of asking, installed as the Republican nominee for the presidency.

For once, the dour and ultra-cautious Kansas senator could not contain himself. Two hours before the polls had even closed in California, he went before a victory rally a continent away in Washington DC to proclaim what for everyone else has been plain as a pikestaff for a fortnight, that he will be Mr Clinton's challenger in November.

No matter that polls put him far behind the President or that Mr Perot gives stronger sig-

nals by the day that he intends to make a second run for the White House. Within the Republican party at least, Mr Dole is the unquestioned master, and the results on Tuesday proved it.

With his 23rd, 24th and 25th straight primary wins, he trounced Mr Buchanan, his sole remaining rival, by a massive 66 per cent to 18 per cent in California, by 52 per cent to 15 per cent in Nevada and 63 per cent to 21 per cent in Washington state, guaranteeing himself some 1,200 delegates at the San Diego convention - far more than the majority required of 996.

"The primaries have clarified the issues," Mr Dole told his supporters. "They've made the party stronger... and have opened the way for a winning Republican coalition in No-

THE US PRESIDENTIAL ELECTIONS

November." But putting that coalition together will be anything but easy.

Grudgingly, Mr Buchanan has conceded defeat, and today will meet his advisers to plot future strategy.

But although the fiery former commentator now seems unlikely to leave the party and run as an independent this autumn, he intends to take his harshly populist and right-wing message all the way to San Diego, making it harder for Mr Dole to move back to the political centre where he is more comfortable - and where elections are won and lost.

Nor does Mr Dole appear any more successful in his pleas to Mr Perot to stay out of the race.

Moving to exploit the news lull in the campaign as he did in 1992, the Texas businessman this week began a speaking tour around the country to press his new Reform Party, and dropping hints at every stop that, should supporters so decide, he will be only too delighted to be their candidate.

In fact, Mr Perot notwithstanding, the outlook for Mr Dole is less bleak than suggested by the current polls putting Mr Clinton 10 or 15 points ahead. For one thing, that gap will narrow now that he has clinched the nomination. Second, the electoral college arithmetic favours the Republicans.

Barring a powerful independent challenge, several Southern and Rocky Mountain states

which voted Democrat in 1992 are unlikely to do so again, meaning that the election's real battleground will be the big Mid-Western states of Ohio, Illinois, and Michigan. And even the independent challenge might not spell disaster.

Although conventional wisdom suggests Mr Perot would take votes overwhelmingly from the Republicans, detailed polling shows his supporters are less well educated and more blue collar than in 1992, and that a 1996 Perot run would hurt Mr Clinton and Mr Dole in equal measure.

And in California, a helpful complication beckons for the Republicans in the person of Ralph Nader, the 63-year-old consumer advocate and Green Party candidate this November, who will take votes predominantly from the Democrats.

FBI holds fire in Montana siege

TIM CORNWELL
Los Angeles

The FBI continued its softly-sofely stand off with members of a heavily armed militia group on a remote ranch in central Montana yesterday.

More than 100 federal agents and local patrolmen surrounded the Freeman, who moved to the ranch six months ago and proclaimed it the "Justus Township". On Monday they arrested two leaders on charges of fraud and making death threats and hold arrest warrants for eight more people.

The FBI apparently made its move after local residents of the sparsely populated Montana plains circulated a petition calling for a posse to eject the Freeman and hand over the 960-acre property to its legal owner, a rancher who bought it in a foreclosure sale more than a year ago. But, mindful of the Waco tragedy in Texas in 1993, and the botched siege at Ruby Ridge, Idaho in 1992, in which FBI snipers shot and killed the wife of white supremacist Randy Weaver, every appearance of an armed siege was kept to a minimum.

The two men arrested, LeRoy Schweitzer and Daniel Peterson, appeared in court on Tuesday charged with making death threats against a local judge and issuing fraudulent cheques. Proceedings were halted as they shouted that they refused to recognise the court.

Last week the group allegedly placed an order for one-and-a-half million dollars worth of arms with a local dealer. "Our guess is that there are a lot of arms [on the ranch]," said Christine Kauffman, of Montana Human Rights Network, which monitors far-right groups in the state. "These people are very enamoured with weapons and combine that with a paranoid outlook and you have a pretty dangerous situation."

The Freeman are described as an extreme anti-tax, anti-government group with ties to the white supremacist Christian Identity church. They use their peculiar reading of the US Constitution to claim that Federal taxes are unlawful and blacks and Jews are second-class citizens.

Tom

Tom.wood@europeonline.com

Old Age Traveller

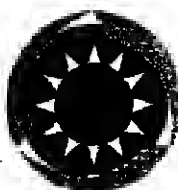
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'94	Over next two years a stream of states - Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia - formally apply for membership.
'95	Austria, Finland and Sweden join.
'96	Inter-Governmental Conference opens in Turin to review and amend Maastricht Treaty. Will examine EU foreign and security policy as well as the role of European Parliament and voting qualified majority voting at Council of Ministers.
'97	IGC expected to end this summer at Amsterdam summit, after British general election. EU budget arrangements due to be overhauled, including Common Agricultural Policy and structural funds programme.
'98	Membership talks due to start with Cyprus, Malta and some Eastern European states. Decision on which countries will join single currency.
'99	Final state of monetary union planned with locking of currencies.
'00-05	Possible expansion of EU to between 17 and 20 members.
'02	Euro due to enter circulation alongside national banknotes, to become sole currency in participating states.
'05-20	Expansion of EU to 27 states or more.

re of Europe

Brussels barons fall on hard times

"This is great. It hasn't been like this since Maastricht," said a young European Commission official yesterday as the British beef drama continued to reverberate through the Commission's corridors. In the press room, the television cameras were set up, awaiting the Commission's announcement of a ban on British beef. Aardian of Europe's meat trade, the Commission in recent days has had the cite to exercise real power as a supranational institution, and Brussels bureaucrats have relished the limelight. Their delight has been spiced, in part, by the fact that they have had the chance to whip against recalcitrant Britain. But the Commission has also been exhilarated by the beef drama because the exercise of real power has been an increasingly rare experience. Furthermore, the bureaucrats know that the Inter-Governmental Conference on European reform, launched in Turin, is the Commission's likely to see its status undercut, by any other European institution. Nothing so clearly signals Europe's rejection of a federal future as the siding of the European Commission. It has been increasingly vented its anger against the unelected bureaucrats of Brussels. There are clear signs that the IGC member states will see more direct control over the Eirean venture, with power moving to Council of Ministers, which brings together government representatives. It is much nostalgia in the Commission for its heyday in the late Eighties, early Nineties, when under Jacques Delors, the former president, the British machine was turning over day after day, spewing out a stream of directives and regulations to implement the single market and drawing up ever more ambitious proposals for integration. The Commission was perceived as the heartbeat of the internal market. We issued a total of 300 directives full speed. There was huge momentum at that time. The whole of the Commission felt things were moving and there was a clear objective," says Michele Pet formerly a senior Delors aide. Mr Delors pumped up the Commission's profile, the institution began to come increasingly controversial, particularly as far as Britain was concerned. The Commission got used to enjoying a higher profile. It built itself a press room for daily briefings,



Symbol of decline: the Commission's home in Brussels, closed for repairs

while journalists poured into Brussels to cover its affairs. Many of Europe's brightest and best bureaucrats were drawn to work in Brussels. "There were a lot of bright young things carried on the wave of Delors's power and influence," says a senior British diplomat and head of a Commission cabinet in the Eighties. "There were many high-class brains, but there was also culture of arrogance. The Commission believed it represented the pure strain of visionary European thinking. There was a swagger and a disdain for the expression of national concerns." Chris Boyd, another former adviser to Mr Delors and now a member of the commissioner Neil Kinnock's cabinet, recalls: "We felt we could do not wrong during that period. We believed in our mission. We probably over-valued ourselves at the time, just as we are undervalued today. Today we are seen as the source of all evil."

It was in the run-up to the signing of the Maastricht treaty in 1992 that things started to go wrong for the Commission. Mr Delors bullishly announced that 80 per cent of European law was now made in Brussels. It was not only Britain that bristled at the implications of the statement for national sovereignty. Partly as a result, Helmut Kohl, the German Chancellor, and François Mitterrand, the then French president, sought to move more European decision-making away from the Commission. The Maastricht treaty set up new "pillars" of European government. That meant that EU powers in areas of justice, home affairs and foreign policy were to be exercised outside the Commission, with member states meeting in the Council of Ministers. Heads of government, meeting at summits as the European Council, were given powers to set broad policy guidelines, within which the Commission was expected to

operate when it proposed legislation. In the IGC, the Commission will have to regain some of its influence by bringing some policy-making in justice, home affairs, foreign policy and defence under its ambit. But all the signs are that it is fighting a losing battle. Britain will oppose any new power for Brussels. More significantly, France and Germany have turned against the Commission, knowing that public opinion sees the Brussels "technocrats" as interfering and undemocratic. France, Germany and Britain are backing a plan to appoint a new European foreign policy supremo, with his or her own secretariat, operating within the structure of the Council of Ministers, not the Commission. The Commission is also under constant pressure to reduce the number of directives and regulations it issues. "Most states want the Commission to be responsive to demands of member states and not to see itself as the fount of all wisdom on Europe," said a senior EU diplomat. Sideline the technocrats will not be enough to restore confidence in the efficiency and responsiveness of Brussels. There is little desire to increase the power of the European Parliament, for fear of reducing the power of national parliaments. Yet there are few ideas about how to give national parliaments greater control over Brussels. It would be wrong to write off the Commission. As the guardian of the European treaties with the sole right to propose European laws and negotiate foreign trade, it will always be powerful. However, the confidence of the Commission has been badly dented since Maastricht, with several high-flyers now looking for work elsewhere. The zeal has gone; more often the mood is one of bitterness about Europe's "failure" to see the right - that is "federal" - way forward. Nothing better captures the decline in the body's status than the decision to evacuate the once proud Berlaymont building because of an asbestos scare. It stands wrapped in a giant white shroud of protective sheeting. "It is difficult to work in an institution where everybody is biased against you," bemoaned one senior official this week. "In the past we were confident we would be listened to, but nowadays we would not dare make many of the proposals we consider because we would be accused of trying to grab power."

SARAH HELM

Queuing up to join the rest

As EU leaders gather in Turin tomorrow for the opening of the IGC, they will be joined, if not in body, then in spirit, by their counterparts from central and eastern Europe. For many people in the region, the conference is not opening a day too soon. Most would have preferred it to have got under way long ago. More than six years has passed since the people of central and eastern Europe overthrew Communism and tore down the Iron Curtain. Although they would have liked it earlier, they now hope they will be given a clear signal that their home is in the EU. At the very least we need to be made to feel quite sure that we once again belong somewhere and that there is a clear goal towards which we can aim," said Jan Carnogursky, a former prime minister of Slovakia and now leader of the opposition Christian Democrats. "After all the well-meaning words, we want to see something concrete: conditions and terms of membership, a timetable." Slovakia is one of 10 countries in the region pressing for membership of the EU and Nato, the twin goals symbolising their final integration with the West. Few Slovaks are familiar with what the terms of the debate in Turin are likely to be or what membership of either institution will mean, but they still want to join. The same is true throughout the region. Although some of the euphoria of 1989 has dissipated, surveys show that more than 90 per cent of the people from the Baltics to the Balkans want to integrate with the West, believing that membership of the two organisations will bring prosperity, stability and security. Having been kept waiting so long, the main hope for central and east Europeans is that the IGC will come up with clear guidelines on how the union will reform itself to allow it to expand. The main fear is that the conference might drag on inconclusively or, even worse, break up in disarray. "The success of the enlargement is at stake here. The conference should not lose sight of how important that is," said Jan Kulakowski, Poland's ambassador to the EU. "If it fails, that could eliminate us from membership for years," said Georgi Gotev, first secretary of the Bulgarian EU mission. The political stakes are high. The applicant states have undergone huge economic upheavals in the past six years and many have suffered in the process. Politically, there has been a backlash in favour of the reformed Communist parties that grew out of their headline predecessors. But even the return of former Communists to power has not halted the shift from command to free-market economies. In Hungary, an ex-Communist government last year brought in a tough austerity budget

slashing state subsidies and welfare payments in what was seen as a necessary part of getting the economy into shape to join the EU. "If there were now a postponement of membership, if they start talking about sometime in the next century, we could lose this driving force [towards market reforms]," said Endre Juhász, the Hungarian ambassador to the EU. Another prospect that fills the would-be members with dread is that of a "multi-speed" Europe in which a hardcore of nations led by France and Germany forges ahead with greater unity, leaving the rest behind in second or even third tiers. "We are interested in full integration," said Mr Juhász. "Rights should be equal. We are not in favour of second-class membership. That would be very bad." Although there are no official front-runners, Hungary, Poland and the Czech Republic are widely believed to be the first wave within the next four to five years. Yet even those that will have to wait for longer insist that a western orientation remains their only viable option. That is being challenged by a more assertive, nationalistic government in Moscow. The vote in the Russian Duma earlier this month annulling the dissolution of the old Soviet Union provoked outrage throughout its former satellite states in eastern Europe. Russia makes no bones about wanting to lure some of them back into the fold. While acknowledging that the Czech Republic, Hungary and Poland are probably lost causes, Moscow has been wooing some of the others. When the Russian defence minister, Yevgeny Primakov, visited Bratislava earlier this month, he offered Slovakia a deal: Russia would guarantee long-term economic supplies in exchange for Slovak neutrality. The deal was promptly turned down, but it threw new light on Moscow's determination to salvage some of its old power and influence in the region, particularly in those countries like Slovakia, such as Romania, Bulgaria and the Baltic states, that are unlikely to join the first wave of EU and Nato expansion. Slovakia is a good example of a country caught in a new "grey zone" between east and west. Some Slovaks, particularly the more nationalist, are already tempted by the Russian idea, although the majority are not. But if the IGC fails to deliver, that could change. "Russia is the only country that could be an alternative centre of gravity for the region, but Russia is likely to be too weak for at least another 10 years to be a viable option," said Mr Carnogursky. "If after that time our position with regard to the EU is still unclear, then that could be another question."

ADRIAN BRIDGE

DIARY

Revenge of the danatians

Cruel De Vil lives. And is about to be taken court. After all these years, the danatians are taking their revenge, bark madly right up to the procuratorial. The Disney Corporation is being accused of mistreating 10 of the dogs in that of its remake of *101 Dalmatians* currently being shot (the film that the dogs weren't that badly treated in Scotland). Glenn Close (below who plays Cruella, is innocent of this, but someone on the production staff has been treating the dogs worse than dogs, treating them like actors fact. Onig breeder, Roy Iwaniec, has withdrawn his spotted treasures from the filming, complaining that the 10 dogs were given tiny meals so that they'd stay thin enough to keep working. "And sometimes," he added, "when they were shooting location, the seven-week-old pups did work a 12-hour day and they left in pain for four hours until they were dead." "It couldn't have been less. They used him, then forgot about them. Seven of the pups came back with a virus; they had diarrhoea and there was blood in the faeces," says Mr Iwaniec who has issued a writ against Disney. A spokeswoman for Disney denies all allegations of mistreatment. "This is untrue in any way, shape or form," she says. "We had 250 dogs on the set so far at they have all left here in perfect health. Roy did not withdraw his puppies; they were sent home early because they were too big. They were not suffering from a virus. The symp-

toms they had were due to a change in diet and routine. Over to you, Cruella.

To dream, perchance to perform ...

So why did Mark Rylance, artistic director of the new Shakespeare Globe, make the rather low-key choice yesterday of *Two Gentlemen of Verona* as the inaugural production for the open air space in south London? Was it a healthy disdain for a knee-jerk choice of a tragedy; a desire to champion a supposedly minor work to the interna-

tional attention that will focus on the new theatre? There is another reason, Mr Rylance tells me. "My wife dreamt it. She's very intuitive that way." Good thing she doesn't see Marlowe in her dreams, or we wouldn't have a Shakespeare play at the Globe at all.

Flagship becalmed

Some worries in the BBC, I hear, over the performance of their current affairs flagship *Panorama*. A half-hour special on beef on Monday pushed *Panorama* out of its normal slot. But then, for a flagship, *Panorama* hasn't been in its normal slot in the convoy, or any slot at

all much this month. Its special on the *Sea Empress* was so special it wasn't completed in time. Its special on Dunblane wasn't special enough and was pulled. Life was so much easier when you could just take a camera round to interview a willing princess in her boudoir.

Och, Michael, don't try to be clever

If only Sir Humphrey had been there. He could have saved Michael Forsyth, the Secretary of State for Scotland, from certain disaster. "Minister," he would have said, his face contorted in panic, "Minister, are you mad? A Scottish Secretary must never, never try to sound Scottish." Alas, Mr Forsyth had no one to moderate his urges. And the foolhardy man fired off a fax to Mel Gibson after his Oscar success with *Braveheart*, saying: "We hope you will haste ye back for another winning production." Haste ye back translates as hurry you back, which means Mr Forsyth in his eagerness to lose his Scottish accent over the years has lost his grammar as well, and repeated the you. If Mel Gibson doesn't know what the hell Mr Forsyth is talking about, then he's not alone. Dr Christopher McLaughlin, linguistics expert at St Andrews University (Mr Forsyth's alma mater), says: "Yes, the phrase 'haste ye back' is a bit awkward to be embedded in the middle of this sentence. He is treating 'haste ye back' as a noun phrase in itself, which is wrong, but perhaps understandable because he is writing to an American Australian."

Eagle Eye

Redwood didn't sing the blues

When will Mrs learn to stop trying to squard youthfulness by creating pop lyrics? John Redwood, right-wing Conservative and sudden public convert to Britpop, recently introduced lyrics from the group The Lightning Seeds as pro-Hey, HE said: "In this long journey for conservatism they might even be singing a double entendre message to us Tories: 'There's nothing to lose.'"



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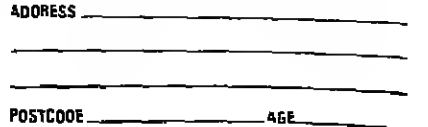
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Pushing Europe too far, too fast

The French and German finance ministers this week committed themselves to a plan to salvage the Economic and Monetary Union. The plan is economically misguided and a political mistake.

Meeting in a small French town they decided to raise the stakes just days before the Inter-Governmental Conference begins in Turin. Their determination to stick to the Maastricht timetable for creating a single currency and their new proposals for stability pacts are as economically ill-conceived as they are politically misguided.

This paper remains pro-European and strongly so. There are many sound economic arguments for a single currency, provided the conditions are right. Greater political co-operation and integration is a wise aspiration for a continent riven so many times in the recent past by nationalist tensions. The trouble is that the economic conditions are not yet right for monetary union. So for the French and German finance ministers to press ahead, in the face of a downturn in their economies and an increasingly sceptical public, risks derailing the political project they hope to build upon economic integration.

Monetary union under a strict interpretation of the Maastricht criteria and timetable is already almost impossible. There is little prospect of France meeting the economic criteria. Yet without France the single currency will be just a greater Deutschmark. The French government this week cut its expectations for growth this year from 2.8 per cent to 1.3 per cent. It will only be able to get its budget deficit down to the Maastricht requirement of 3 per cent of GDP through another round of severe spending cuts or tax increases. When the government tried the same thing last year, the public sector workers of Paris took to the streets in protest and support for the government

collapsed. For France monetary union will only be possible with a politically risky and economically unwise fiscal squeeze when its economy is already weak.

The French know this of course and the real intention behind the finance ministers' statements was to prepare the ground for relaxing the criteria for monetary union. The new proposals on budgets and exchange rates are a device to bolster the credibility of a hasty dash for a single currency. Countries whose budget deficits are too large would be fined. Those who remained outside the first phase of monetary union would be tied into a new, improved Exchange Rate Mechanism.

This strategy is misconceived. It will provoke the hostility of other European governments without creating the convergence between economies that monetary union requires. Take the new ERM as an example. Currencies which are not strong enough to join the Euro, but which are determined to prove themselves in a strict exchange rate mechanism will be targets for speculation in the financial markets. Another debacle like Black Wednesday would leave them further away than ever from genuine economic and monetary union.

But the strategy is no more advantageous for the French and Germans either. The Bundesbank among others is unhappy about linking its precious mark to weaker currencies, especially if looser criteria may allow other governments to go softer on inflation. Wide sections of the French electorate will object to a currency union which forces them to undergo further economic pain.

The French and German finance ministers seemed locked in a time warp. They continued to believe that the Franco-German axis and European integration rely on maintaining the momentum for currency union, when at the moment just the opposite may be the case.

Cowardly in Clwyd

For years, children in the care of Clwyd County Council, children for whom that local authority was a parent, were assaulted and abused. An outside expert was brought in to identify what had gone so dreadfully wrong. He produced a catalogue of failings and recommendations for change. Where is his work?

The answer is: it has been suppressed. Councillors will not discuss it. The report might have done something to redress the grievance those young people have against the public authority that failed them. An account from which other social services departments (and police forces) might have learnt has been killed.

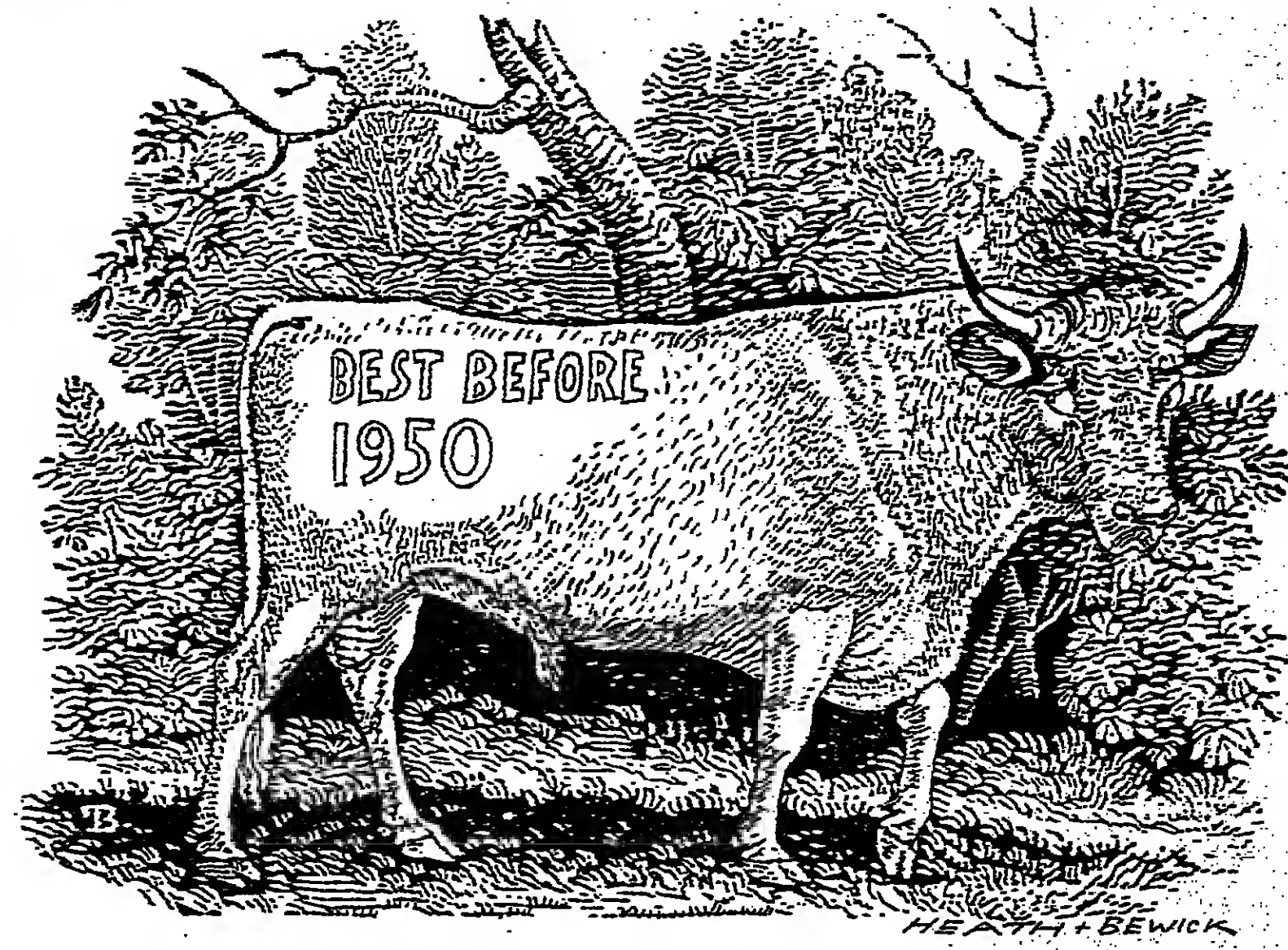
Clwyd decided that its principal obligation was not to the children, nor to the public's interest in making sure vulnerable groups get safe, efficient services, but to its cashflow. It was advised by barristers that in the world of modern local government it must think first and foremost of its duty to council taxpayers. That, apparently, means sitting on a report in which the council admits its fault. Why? Because to publish the report would have been to arm plaintiffs seeking compensation from it which, in turn, would have damaged its finances. Clwyd was helped to this decision by its insurance company, which warned that it would remove cover from the council if it published the report.

This scandal is an offence against open and accountable governance and a recipe for managerial inefficiency, which goes well beyond one Welsh council. The Government has known about pressure from

insurers for some time and done nothing. Inconsistency rules. Leicestershire was ordered by the Department of Health, using a power given to it by the Children Act 1989, to hold an inquiry into a long chapter of abuse in its homes. That report said the council was negligent. Compensation is being paid to victims. If Leicestershire, why not Clwyd?

It turns out that some of the claims made against Leicestershire, and against Staffordshire after the "pindown" inquiry, helped to break the back of the local authority insurer Municipal Mutual. That same company, which is in a process of winding down its business, has told Clwyd not to publish. A falling insurer should not be allowed to make social policy. Local authorities have statutory obligations to children. The Department of Health has made clear more than once that it expects the results of inquiries to be published. Councils also have statutory obligations to publish information about their management performance. Yet a legal opinion suggests fiduciary duty stands above all of them.

The law needs to be tested. It is not too late for the cowardly councillors of Clwyd to bite the bullet. Publish - for the sake of the children - and face the consequences. Where abuse occurs, there must be inquiry and rectification. If that means pushing up premiums for liability insurance, so be it. Insurance rates will drop if, and when, councils perform better and cease to be liable. They will only do that if they learn from error. That is why Clwyd's act of suppression is so wrong.



LETTERS TO THE EDITOR

BSE: Europe should share the burden of compensation

Sir: Should the slaughtering of some cattle prove essential, the key question will be how to minimise and split the burden of compensation.

UK farmers will hope to be paid at EU intervention prices, at the same level paid for non-UK, disease-free beef. This should be resisted. Fair compensation should be linked to the lower market prices for British beef prevailing after last week's bad news.

The case for some contribution from the EU is compelling. The Common Agricultural Policy pitches prices high, at levels where supply normally outstrips demand. The excess supply that results is bought into intervention, then dumped elsewhere at much lower prices. The ensuing losses have exceeded £20bn in many recent years, about a third of it attributable to beef and dairy products.

If Britain must now destroy some of her cattle, the EU will reap big savings. Continental surplus production will be sold here at well-above-dump prices. The UK government should press vigorously for an EU transfer at least equal to the value of these savings.

To defray the locally borne burden, three options stand out. One is to borrow. Indexed perpetuities would spread the real

cost of this one-off disaster evenly over time. The real annual interest charge would be a mere £38m per £1bn borrowed.

A second is a temporary VAT charge on all foodstuffs. If levied for two years, this would raise about £750m for each 1 per cent rate, allowing for uprating of welfare benefits.

A third could be a once-only capital levy on all agricultural landholdings. Even if levied at 2 per cent, with exemption for smallholdings, this could raise £1bn or more. Over many years, landowners have been principal beneficiaries of the CAP and agricultural innovations, both safe and not so safe. Two centuries ago, Britain resorted to a stiff capital levy on land to raise funds to fight Napoleon. If fighting BSE to save lives and livelihoods is a once-in-a-blue-moon priority today, a land levy has merit.

Professor PETER SINCLAIR
Department of Economics
University of Birmingham

Sir: I read with annoyance that a rich privileged part of society is to receive more unnecessary financial help. Farmers will be compensated for their loss of income over BSE.

Why are farmers so protected? The rest of us suffer without recompense. The sick, the unemployed, the less privileged and many others have no automatic right to maintain their income or living standards. Businesses that make poor decisions stop trading and surely to have remained as beef farmers after the evidence of the last decade must be poor business judgement?

The list of financial help laddered out to farmers is endless. What will be the next crisis in which the poor will have to help the rich?

ROGER TURNER
Bury St Edmunds, Suffolk

Sir: The Government is as yet undecided how best to deal with the appalling problem of BSE and the possible risk of CJD to the British people resulting from its own policies on deregulation.

It has, however, taken one decisive step. It has requested financial help from the EU for 100,000 farmers facing ruin. Douglas Hogg is reported as saying: "I shall be looking to the European Union for financial support should we require a great deal of public expenditure."

Well good luck, Mr Hogg! One can well imagine the reaction in Britain, and particularly in the British tabloid press, to any suggestion that British taxpayers be asked to contribute to a fund to

Science loses its bottle

Sir: Opponents of modernisation and a rational approach to technological and scientific issues do not always present themselves as such. Ulrich Beck is a case in point ("When experiments go wrong", 26 March). His trick is to present his case in the form of risk analysis, and occasionally acute sociological comment.

This is Professor Beck's warning: "We are in danger of creating a situation where alarmingly large risks are nobody's responsibility". The BSE issue seems to confirm his point. But to notice this is to miss Professor Beck's trick - the bit about "alarmingly large risks". For his assumption, whether the subject be BSE, Chernobyl or genetic engineering, is that the results of human meddling in nature threaten to turn against us in a nightmare scenario. But in all the cases the risks don't match Professor Beck's hype.

Professor Beck argues that "neglecting risks is one of the most effective ways of reinforcing them". The point is rather this: hyping up the scale of risks, as Beck does, is a most effective way of raising doubts about scientific and social progress, as well as the efficacy of human action in the face of change.

Professor Beck makes much of the conflict of scientific opinion in the case of BSE and of the options for disposal of the BSE carcasses. He argues that as a consequence "politics and morality must be given priority over shifting scientific reasoning". However, the interesting point in both these cases is rather that scientists, like many others, have lost their bottle.

Scientific opinion has not really shifted, nor is it so confused; most scientists know that BSE poses little risk, and that dumping in the Atlantic is the best disposal option for the BSE carcasses. The shift is that they just don't have the confidence to argue their case. What Beck does is to make a virtue of this. By revealing in risk and uncertainty he undermines the basis for human progress and rational decision-making.

JOHN GILLOTT
London NE

BBC backs animated talent

Sir: BBC Bristol's Animation Unit is today celebrating its second Oscar win in three years. Jayne Pilling's article ("Why cartoon Britain keeps on winning", 25 March) minimises the part played by the BBC in the "success story" of British animation while accusing us of neglecting our talent and failing "to maximise the adult audience".

A *Close Shave* achieved BBC 2's highest viewing figure of 1995 (10.62 million) by appealing to viewers of all ages.

Channel 4's experience as well as our own shows that the "adult" animated shorts favoured by Jayne Pilling attract only a small specialist audience wherever they are placed in the schedules.

When we began working with Nick Park at Aardman Animations he was still "new talent". We gave him the editorial support and financial backing he needed at that crucial stage of his career and laid the foundations of a creative relationship which resulted in the Oscar-winning success of *The Wrong Trousers* and *A Close Shave*.

Currently we are producing five animated specials - four of them with brilliant new directors making their first full-length film. All have required long-term investment of energy, imagination, finance and faith.

COLIN ROSE
Executive Producer
Animation, BBC South
Bristol

Plight of Whitehall exposed

Sir: Like a thief in the night who suddenly has the lights turned on him, ministers and their policies have been devastatingly exposed ("Ombudsman slays Whitehall over staff cuts", 21 March).

William Reid's report linking the dramatic rise in the number of cases of maladministration by departments and agencies to staff cuts across the Civil Service is highly significant. The annual report by the ombudsman acts as a barometer on the state and health of the Civil Service and I cannot remember any previous report being so critical and outspoken as this one.

Ministers, who for the past five years have paid mere lip service to the idea of better public services, have now been found out. For the first time it is not just the trade unions and the opposition parties who are saying that the

Civil Service is in a state of crisis; even the independent parliamentary ombudsman is bitterly complaining that you cannot expect service standards to be maintained or improved if you cut staffing levels year after year.

The fact that the day after William Reid's report was published, the Department of Social Security announced that further budget reductions would be likely to result in an additional 21,000 staff being cut, sends the clearest of signals. Clearly, the need, at any cost, for this unpopular government to finance a treasure chest for a big pre-election tax cut, is a greater priority than decent public services.

BARRY REIDSBOTTOM
General Secretary
The Civil and Public Services Association
London SW11

John GilloTT

No sex please, we're shopping

I have had a cutting lying on my desk now for about a month that I can't quite figure out, so I am going to reprint it here and now, so that you can cut it out and put it on your desk and try and figure it out for yourself.

It is from the *Daily Telegraph*, page 9, 22 February this year. It reads as follows:

CORRECTION. In our article "Sex and Shopping: The End" on 8 February, we incorrectly included Clare Francis's name in a list of authors of "sex and shopping" novels. We recognise that this is not a fair description of the novels of Miss Francis.

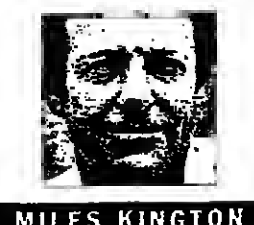
That was the entire item. Rum, eh? Why publish a correction to this tiny item, when so much of what appears in every newspaper is inaccurate but never gets corrected?

One possible scenario is that the people at the *Telegraph* responsible for the feature called "Sex and Shopping: The End" had met for a little post-mortem after it had come out, and they had started feeling guilty.

"Hey, guys, you know we included Clare Francis's novels among the sex and shopping sagas? I've been thinking. Maybe we were wrong."

"In what sense?"

"In the sense that she doesn't write sex and shopping novels."



MILES KINGSTON

"Then why did you include her in the feature?"

"I rang up a man at Oxford who is studying airport novels and has read her stuff. He didn't object to the description of her books as sex and shopping."

"But what is a sex and shopping novel, anyway?"

"Oh, for heaven's sake, that was what the whole piece was about!"

"So explain!"

"Well, I didn't actually read the piece."

"I thought you wrote it?"

"Yes. But I didn't read it. Nor have I read any of Clare Francis's novels so I think it was unfair to call them sex and shopping novels. I think we ought to print a correction. Otherwise I'll just go on feeling terribly, terribly uneasy about the genre we assigned her to."

That's one scenario.

Another is that Clare Francis herself read the piece and saw red at being included among the sex and shopping novelists, and got on the phone to the *Telegraph*.

Another scenario, of course, is that the sex and shopping novelists all got together one morning for coffee, read the piece and saw red at having Clare Francis included among their number so they got on the phone to the *Telegraph* to demand a correction.

At this point you are expecting me to put you out of your misery and explain, once and for all, what a sex and shopping novel is. But I'm sorry. I don't think I can. I have occasionally read books in which sex took place, or seemed to be taking place (so hard to tell sometimes), and in which shopping also took place, often at very expensive shops, but the two activities never seemed to coincide as they should:

"Do you have any silk house coats?" said Arabella to the handsome young assistant. "Something cool and soothing to the skin? In apricot, perhaps?"

The young assistant, whose name was Desmond, looked at Arabella's skin. It looked good. He put out a hand and felt it. It felt good, too.

"I think I have just the thing for madam," he said huskily. "Perhaps if

madam would care to come into the changing room..."

"Are you staying in here with me?" said Arabella roughly, as the young man brought the flimsy wrap into the changing room and showed no signs of leaving.

"That is up to madam," said Desmond, shyly helping Arabella to undress...

That's what I call sex and shopping, and I only wish I had time to take you through to the scene where Miss Lomas, the senior house-coat buyer, finds both of the characters naked except for a credit card, and stays to join in.

I seem to have strayed from the point. What emerges from the whole affair is the extreme importance of describing your novel correctly. I mention this only because tomorrow, here, I am starting the serialisation of a new novel.

It is not, *pace* Clare Francis, a sex and shopping novel.

It is more up her street than that. It is a sex and shopping novel.

More precisely, a sex and single-handed sailing-around-the-world novel.

It is called *Woman Overboard* by Elsie Fairfax and it starts here tomorrow.

Don't miss it!

Fifties rock

Sir: I'm afraid Ian Rowland (letter, 21 March) is wrong. I saw the mysterious rock when the geologist who discovered it, Anna Grayson, showed it to me last week. It is too lightweight to be kryptonite, and although of the same epoch, circa 1955, it is more likely a chunk of recycled Marleyville, shade probably Miami blue.

NINA HALL
London W13

Musical turn-off

Sir: It is not a V-chip that we need (Letters, 20 March) so much as an M-chip. This is a chip, which an enterprising chip maker should make as soon as possible, that is capable of stripping unwanted background music out of television programmes.

C. CROFTON-SLEIGH
Rotherfield, East Sussex

Venerable economies with the truth

Sir: Andrew Marr ("We still need Orwell", 25 March) quotes Lord Armstrong's remark about being "economical with the truth", which I had thought of as a recently coined cliché. However, the Folio Society's newly published collection of William Russell's war reports for the *Times* includes a report from Cawnpore

in March 1858. Russell recounts a meeting with an old Sikh officer who, "stroking his beard, which flowed almost down to his saddle, told us tremendous fibs... He was a noble-looking old economist of the truth."

MICHAEL N. RUSSELL
Tollesbury, Essex

Obscure religion

Sir: The problem with the ancient religions in the modern world ("When believers desert their church", 23 March) is that whereas people's need for religion remains as great as ever, (cf "Living on the edge: the random risk society", 23 March) there is a bizarre gap between the archaic imagery in which these religions are traditionally expressed and the world people actually experience.

For those unschooled in suspension of disbelief, self-deception, or quiet dissimulation religion becomes less and less accessible.

JOHN HILLS
Horsham, West Sussex

Victims of divorce

Sir: Divorce has "liberated" this country's unhappy marriages as the pistol "liberated" previous centuries' swordsmen from getting blood and guts all over their feet. The carnage didn't cease; it just no longer matted up their clothing. If divorces were only about couples, then I would accept Polly Ryndes's finding (20 March) that "in almost every case... it has made people happier in the end". But divorces happen to children. They are not "confusingly offered a Mummy and Daddy image as the ideal" - they actually have a Mummy and Daddy, rancorously separated, between whom they commute whether they wish to or not.

CHRISTINE ROE
Nishinomiya, Japan

Blair's

The le



We nee

comment

Mad cows hit Ambridge

Eat your heart out Stephen Dorrell, BSE on 'The Archers' means there is a crisis, says Ruth Picardie

Never mind McDonald's. Forget the British Airways ban. We know that BSE is the mother of all crises because it's being worked into the stately storyline of *The Archers*. Our great national radio soap opera has resolutely disregarded events as momentous as the royal separation; snubbed health scares as dramatic as neurosis; and why, it even ignored Hurleygate. Yet on Monday afternoon, the agricultural story editor was put on red alert and Nigel Partridge (played by Graham Seed) and Phil Archer (Norman Painting) were summoned to Birmingham, gatecrashed another programme and recorded an insert at 6pm, in the nick of time for the episode to be re-edited and broadcast from Peckham at 7.05pm.

Such events have not occurred in living memory. Programmes are normally recorded a month in advance; late reversals take place on an occasional basis – most recently during the real calf outcry and, more idiosyncratically, following the release of Terry Waite. But these are the most frenzied, last-minute changes to have taken place since the venerable series began in 1951, when a boyish Phil Archer responded live to an "important" Budget speech.

Archers fans have been listening to the latest developments with bated breath. Who could forget previous agricultural health crises such as the slaughter of Dan Archer's herd in 1956, following an outbreak of foot-and-mouth disease?

The Grundys' troubles could fill a month of programmes: the demise of Joe's herd when half of them were found to be infected with TGB; the feud with David Archer when he reported Eddie for not dipping his sheep; the time Clarrie caught Q fever after drying premature lambs with a hair drier. And what about Mike Tucker's tragic tractor accident, in which he lost an eye?

How, then, would *The Archers* deal with BSE, in the new, sexy world of British soap opera? A terrible end for resident wild child Kate Aldridge? A spectacular tantrum from the irascible but elusive Grey Gables chef, Jean-Paul? A mass Ambridge conversion to vegetarianism? Perhaps even – God forbid – ruin for the entire Archer family?

This could be more dramatic than Shula's IVF treatment; bigger than Usha and the racist bullies; more exciting.

even, than the real-life cameo by Britt Ekland.

The plot began to thicken last Thursday, when a troubled Neil Carter managed to distract John Archer from boring on about his weaners.

Neil: I think we need to wait. The link still hasn't been proved, has it?

John: The Government says it's the most likely explanation. That's good enough for me.

Neil: We need more evidence, I reckon.

Hardly nailbiting stuff. But stories begin gently on *The Archers*, with dramatic integrity. Events were sure to gather momentum by the following week.

This could be more dramatic than Shula's IVF treatment

Sure enough, BSE reappeared on Monday night, Ellie May – Nigel and Elizabeth's cow-cum-surrogate daughter – seemed "very unsettled". Disappointingly, Phil Archer felt Nigel had nothing to worry about. There followed a long, dull exchange about farming morale, price support and the Government's response.

Nigel: So he [Stephen Dorrell] is still saying the risk is extremely small?

Phil: Providing the existing restrictions are adhered to. And Douglas Hogg suggested those restrictions might be tightened further.

The story continued along these lines last night. How we *Archers* fans groaned in disappointment. Had the programme somehow been leaned on by the Government and lapsed back into its early, educational role, officially abandoned in the early Seventies?

Then we remembered. The slow, steady, much-mocked *Archers* "did" BSE five years ago, when Brian Aldridge was kicked in the head by an infected cow. Operated on for a cerebral abscess, he suffered a post-traumatic epileptic fit, couldn't drink or drive and was put on drugs that made him drowsy. He became so miserable and difficult that his wife, Jennifer, had an affair with her ex-husband, Roger, and their daughter Kate became emotionally disturbed and ran away from home.

Out of touch? Undramatic? Let's see *EastEnders* top that.

Blair's winning plan: keep it simple

There'll be nothing complicated in the Labour leader's manifesto. That way he may even keep his pledges

In general, organisations that suddenly make a fuss about "listening to the members", or customers, are organisations in trouble. If the golf club secretary abruptly announces a consultative meeting, you can be sure that the trophy room's been wrecked by the brandy-crazed junior team and the treasurer's sold the 11th hole to a speculative housebuilder.

If a bank says it wants to hear your views, you assume they've lost a billion to a plausible fellow from Mexico. If a supermarket chain, then it's just wiped out Eastbourne with the Tagliatelli Surprise. Whether it's takeover threats or crashes, empty reservoirs, redundancies, hideous new road plans, or embarrassingly large pay rises for the board, the promise of "consultation" is a corporate distress-flare, the last throw of desperate PR departments everywhere.

And so it tends to be in politics too. Attempting to overcome the disaster of the early Eighties, Labour leaders took to touring school halls under the slogan "Labour listens". A dispirited Roy Hattersley was harangued by assorted maniacs in T-shirts while a grim-looking Peter Mandelson, then in his moustache-wearing days, stood taking notes.

Over the past year the Conservatives, facing their own little troubles, have conducted a similar exercise with their party members. Cabinet ministers have been dispatched around the country to be told off by some of the 30,000 people who turned up to 800-plus meetings. Yesterday, an edited version of the tellings-off was published under the title, *Listening to the Conservative Party*.

And what do we hear? Only that the

Conservative Party is Conservative, being strongly in favour of the Union Jack, low taxes, identity cards, hanging and inherited wealth, and similarly against federalists, scroungers, red tape, juvenile crime and recreational drugs. Surprise, surprise.

Certainly the Tory hierarchy, who had commissioned the exercise, cannot have been surprised by a word of the published result. Its impact on their manifesto-making will be limited. Activists are not typical of the wider electorate at which the party must aim, so their views, however pungent, need to be diluted and in some cases ignored.

For that reason, Danny Finkelstein and the clever fellows at Central Office will not linger late into the night worrying about what Tory activists in Milton Keynes think of the welfare state. They, the party chairman Brian Mawhinney and the Prime Minister himself, will rely on polling, focus groups and their instincts before they turn to the activists. Like most such exercises, this has been aimed at morale, not policy. The attitude is: "Let them get it off their chests and go home feeling they've been heard. It will cheer them up immensely."

At first sight, my theory about listening exercises being a distress signal is demolished by the dramatic news, also announced yesterday, that Labour is to design its election manifesto only after, in John Prescott's words, "the largest, most ambitious consultation process ever undertaken by a political party", and that this is to be followed by a ballot of all Labour members on the draft election manifesto.

The answer is that this is not a lis-



ANDREW MARR

Blair's tactic is clever. He has created an anti-betrayal machine, an anti-cynicism plan

tening exercise at all. It is a telling exercise. It is about telling the party, and telling the country.

These days, Labour policy is made behind closed doors in a process as opaque, private and controlled as most of what happens in Whitehall; in that rather depressing respect, shadow ministers are better prepared for office than is generally realised.

This won't be changed by the programme of meetings and speeches that Labour announced yesterday. Nor is the pledge to put the draft, slimmed-down manifesto to a ballot of all Labour members nearly as radical a step as Tony Blair and his colleagues suggest. In the autumn, party members will be offered a straight yes-or-no to Labour's likely manifesto commitments on all the other issues, with no room to register dissent about this or that, or to list preferred priorities. By the time it happens the election

will seem very close. How many people would want to vote down their own party manifesto just before an election? If this vote embarrasses Blair it is more likely to do so by the overwhelmingly North Korean-style 99.9 per cent majority he wins than by evidence of serious internal dissent.

This will lead some people to dismiss the tactic as another meaningless PR stunt. The temptation is increased by the numbing, turgid prose considered essential for new Labour launches: "We are proud of our past but we are not living in it." Or: "This new programme ... is not about soft options but about making hard choices." I find this has the curious effect of making one play the tune backwards: "We are living in our past, but we are not proud of it ... we must take soft options, not hard choices."

But formulaic language aside, the Blair tactic isn't at all meaningless. It is clever, and may even be important to the wider democracy. For what he has created could be described as a foolproof anti-betrayal machine, even an anti-cynicism plan.

In the past, Labour prime ministers have tended to be elected on a surge of utterly unrealistic expectation, particularly among idealistic party members. They were set targets so high that failure was inevitable and party conferences were bound to say "be careful". Neil Kinnock used to speak, with a savage grin, about "getting his betrayal in first" by cutting back on old Labour promises.

Blair is going still further. He is lowering his own hurdles. He will campaign on a strictly limited list of man-

ifesto promises, to which the party collectively will be committed through a rerun of Blair's direct, Clause IV appeal to members. Old pledges will be ruthlessly jettisoned and priorities established. That starts today, with the jinking of a long-promised plan for training levies. It is bound to be a painful and controversial process. But once it is over, and approved by party ballot, I think it will greatly strengthen Blair before, during and after the election.

Before the election, Conservative charges of a hidden agenda will look less plausible. The party activists will be locked into the cautious manifesto, whose essential points will be known well before the frantic three-week election campaign.

If Blair then wins, both over-enthusiastic activists and suspicious voters would know what to expect. They would have a simple check-list to use in judging Blair as a prime minister: a check-list he himself has chosen. It takes no account of the crises and surprises of life, which can break governments. But if by 2002 Blair had legislated for, say, 10 out of a dozen measures he had promised in 1997, that would mean something real.

It might even provide a route back to a more trusted policy, offering a real contract and so dispelling some of the current cynicism about politicians. But not, it does this by offering a tough, clear lead, not by democratising the organisation, or offering to consult. It is the act of a leader whose ambition to be the Margaret Thatcher of the centre-left is unmistakable and who is narrowing his eyes on the ultimate prize.

The lesson UK plc must heed

To compete worldwide it is vital that we improve our vocational training, says Sir Ron Dearing



Practical skills are as important as intellect

Photograph: News Team International

The need to raise educational standards in this country has never been more pressing. We have set ourselves challenging national targets for the year 2000 but Germany and Japan have already surpassed them.

Our international competitiveness must be based on a well-trained, highly qualified and adaptable workforce. Our economic future lies in creating a highly educated, well-trained and adaptable workforce, matching the best in the world. We must be able to innovate, to challenge and to improve constantly and we must produce goods and services of the highest quality.

We must encourage all young people to achieve as much as they are capable of: today's under-achievers must be seen as an educational priority. This means raising the levels of achievement of large numbers of pupils and increasing the proportion of the over-16s in education and training.

That is why I welcomed the invitation to review the qualifications taken by 16- to 19-year-olds in schools and colleges and in work-based training. The report I published yesterday has nearly 200 recommendations, all designed to increase success rates and to maintain or increase the rigour of qualifications.

Some people may doubt whether these two things are compatible, whether it is possible to raise pass rates without lowering standards. I believe we have to find a way to make them so. But there is no point deceiving ourselves by success achieved through the depreciation of standards.

We must reduce the present high levels of wastage – those who start out on courses but who drop out or fail. Thirty per cent of students who start an A-level course never get an A-level. Even more fail to complete applied A-levels (General National Vocational Qualifications). The dropout rates for youth training are the highest of all.

We must start by getting young people on to the right programmes. They should be given disinterested advice by schools, parents and, in particular, the Careers Service. It would help if they could spend a term experiencing both kinds of A-level before choosing one.

This will not be enough, though. If we are going to achieve our targets, we have got to bring another fifth of our young people into post-16 study or training. I do not think we are going to achieve that by concentrating on A-levels. Practical skills and the ability to apply knowledge are

as important as high-level intellectual and academic development.

One of our problems is that vocational courses – the applied A-levels, GNVQ, and the National Vocational Qualification – are far less well known and understood than A-levels. A-levels have been around for 45 years; GNVQs for just three. We need to get the message across to parents, employers and university admission tutors. Renaming GNVQs as applied A-levels makes both their nature and their status plain. My report also proposes a recasting of Youth Training as part of a family of national awards to be known as National Traineeships.

Already the Modern Apprenticeship, which is quite new, attracts young people who would otherwise have taken A-levels. It is designed to get them up to the vocational equivalent of A-levels in three years. After that they can carry on working for the same firm or go on to higher education, perhaps through a sandwich course.

Now let me turn to the issue of rigour. One of the problems of the GNVQ has been that it is based on the principle, "If it moves, measure it". Assessment has run wild, and as a result quality has suffered. This needs to be put right. We need to take a new look at the role for tests and the adoption of new ways of assessing quality.

Another concern has been that the knowledge and understanding underpinning vocational qualifications have not been specified in the past. Teachers and trainers will be able to do a better job if there is clear guidance.

I have been equally concerned to ensure the rigour of A-levels. Employers want 16- to 19-year-olds to develop their general skills, in language and communication, in arithmetic, and in information technology. Those skills are fundamental.

What gave me greatest encouragement during this review was the realisation among so many employers that our future lies in a society committed to life-long learning and training. We must recognise that achievement in applied and vocational education is just as important, in terms of our national competitiveness, as academic achievement. Otherwise we shall simply be fooling ourselves if we achieve our national targets by allowing standards to slip.

The challenges of the next century bring the need for success into sharp focus. Education and training have never been more important.

The writer is chairman of the School Curriculum and Assessment Authority.

We need to take a hard look at drugs

It's time practical policy replaced panic, says Ian Hargreaves

The problem with British policy towards drug abuse is obvious: it isn't working. By every possible indicator, illegal drug use and the crime that goes with it is rising inexorably.

The problem with the standard liberal critique of this policy is also obvious. Legalisation or decriminalisation of restricted drugs can be argued from either a libertarian or a social management point of view. But whichever way it's argued, the public is not ready to buy.

This polarisation does not prove there is a middle way, but it suggests we ought to be looking for one. A Royal Commission on illegal drugs is the way to conduct that search. Let's imagine what it might come up with.

An inquiry would take as its starting point the Government's current drugs policy, Tackling Drugs Together. The virtues of this approach are widely agreed. For the first time it attempts to co-ordinate all agencies at local and national level. But no one seems confident that this three-year plan will achieve its objective: to curb the volume of drug abuse and drug crime.

Tackling Drugs Together lacks boldness. It mumbles about the importance

of reducing the harm caused by drugs, while still insisting upon the wholly unrealistic goal of abstinence. And it fails to challenge the spending priorities of existing policy, which channel 60 per cent of the Government's budget to law enforcement and only 31 per cent to education and treatment.

The inappropriateness of this balance will be reinforced when the Government publishes shortly an overdue Department of Health task force report into treatment services for drug abusers. Commissioned in 1994, this has turned into the largest assessment of the effectiveness of drug treatment services ever undertaken in Europe.

This effectiveness review will add force to the argument that treatment programmes are a better buy than more law enforcement. Well run services for heroin addicts, which offer long-term methadone substitution or other sustained treatment regimes, are judged to be highly effective. One large American study, cited in the task force report, suggests such treatment programmes offer the taxpayer a

seven to one pay-back, mainly in reduced crime. Some police officers would now like powers to direct serious drug abusers towards such programmes without involving the courts.

A Royal Commission would be able to build on this review, but in a way

Legalisation of cannabis would cut crime figures

that generated a more open public debate and started to counter some of the public's more baseless fears. It would not confine its analysis to treatment programmes, but would also analyse the effectiveness of current approaches to law enforcement.

The commission could offer an authoritative view of the health risks of the most widely used drugs, helping us to judge whether Ecstasy, for example, which until the Sixties was

used in marriage therapy, is appropriately ranked with heroin as a Class A dangerous drug.

A Royal Commission would also conduct economic analysis to understand how supply and demand might be affected by the authorities change the rules by licensing and taxing particular drugs. Could we achieve lower consumption of a drug such as cannabis, if that is the object of policy, by licensing and taxing it, as with tobacco? Legalisation of cannabis would make a big impact on crime figures, since four-fifths of all recorded drug offences concern this substance.

Our political leaders have made a serious mistake in setting their face against a large-scale inquiry of this kind. All three parties are afraid of appearing soft on drugs and yet it has now been evident for a decade that the alternative merely results in more consumption of illegal drugs, more crime and more blighting of young lives through criminalisation.

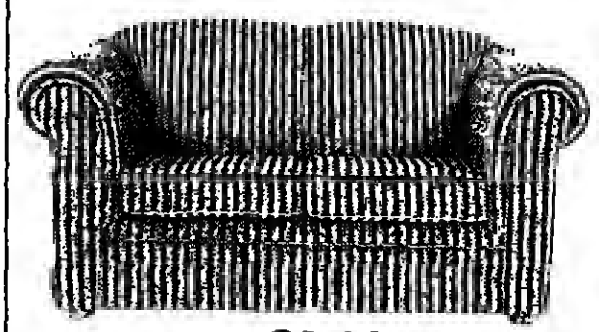
The Government's argument against a Royal Commission is that it

already has all the expert advice it needs. Perhaps it will learn from the beef catastrophe that expert advice has to interact with public opinion through extensive debate if it is to be useful. Labour is primarily worried about being seen to be soft on drugs and mistakenly assumes that support for a Royal Commission implies an open mind about the legalisation of cannabis, hence the silencing of Clare Short on this subject.

A Royal Commission established this year would be delivering useful input to government at just the time it is due to review Tackling Drugs Together in 1998 or 1999. Keith Hellawell, who chairs the Association of Chief Constables drugs committee, and officials who have worked at the highest levels in the Home Office and the Department of Health, are calling for such a commission. Their voices combine with many others of great experience. It is time they were heeded.

The writer is a former editor of the *Independent* and has recently been appointed editor of the *New Statesman*. Tonight he reports for *Public Eye* in *Beyond The Drugs War* at 8pm on BBC2.

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obituaries/gazette

John Snagge

Recordings of John Snagge's distinctive resonant voice provide separate memories for different generations. Elderly listeners recall the Reithian style of pre-war announcing at its best, and the man who made the Boat Race exciting even for those who had little interest in Oxford. Wartime listeners who were glued to the news each evening as Europe was being liberated are reminded of *War Report* on the Home Service at 9.15pm. For the generation that missed the Second World War but relished the original screening of *Dad's Army*, the association is with the anonymous introduction that set the scene for each hilarious episode.

Snagge applied to join what was still the British Broadcasting Company Limited in 1924. He was then aged 20 and had just come down from Pembroke College, Oxford, where he had rowed for his college but not managed to gain a Blue. Previously he had been at Winchester. Like many young graduates with no particular professional qualifications he was attracted to the brand new world of broadcasting.

In the absence of a reply from the BBC, Snagge's father, the redoubtable judge Sir Mordaunt Snagge, called on Reith's deputy, Admiral Charles Carpenter, at Savoy Hill to ask what was happening. The admiral explained that a great number of people had written to the BBC. He was having to go through 1500 applications. "I am not interested in the other 1499," said Sir Mordaunt, loftily. John Snagge was engaged, and sent to be the Assistant Director of the newly-opened local radio station at Stoke-on-Trent.

Four years later he had fully mastered the tricks of the broadcasting trade, and the BBC had been converted into a public corporation. One result of the change was permission, at last, to broadcast commentaries on sports events. Snagge was transferred to Savoy Hill where he worked first as an announcer, and then as a commentator in the new outside broadcasts department. He made his initial Boat Race commentary in 1931 – the first of 37 radio commentaries over 42 years (the war years intervening) that were heard by people all over the world.

On one occasion the engine of the launch broke down and Snagge was left saying "I don't know who is winning. It is either Oxford or Cambridge!" – words which stuck to him over the years, he said, like a tin can tied to a dog's tail. Snagge once managed to find, in a coin shop near Broadcasting House, a gold sovereign bearing the date of the first Boat Race, 1829. Since then it has been used for the toss each year, including 1951 when Snagge had to describe the sinking of the Oxford boat.

Snagge described many other events besides the Boat Race. One was the maiden voyage of the *Queen Mary* across the Atlantic – the first series of ship-to-shore programmes ever attempted on public radio. The BBC's team, besides Snagge, included Henry Hall, the dance band leader, John Watt and Roger Eckersley, producers, and Jack Buchanan and Larry Adler, entertainers.

During the war Snagge was in charge of the previously anonymous announcers, and it was he who decided that their names should at last be used. The reason given out was security – the Nazis had used false Polish announcers during the attack on Warsaw, and were later known to be training BBC-type voices during the Battle of Britain. But Snagge's real reason was the morale of his staff. He thought it unfair that the outside broadcast commentaries should have their names used, but announcers should not.

Most of the important wartime announcements were made by Snagge himself, including the first communiqué of SHAEF (the Supreme Headquarters, Allied Expeditionary Force), revealing to the world the long-awaited news of the D-Day landings. He read this off a pink card from a small cubicle beneath the Senate House



A distinctive, resonant voice: John Snagge during his 50th Boat Race commentary in March 1980

Photograph: Hulton Deuren

of London University, then General Eisenhower's headquarters. His friend the American broadcaster Ed Murrow once asked Snagge if he might borrow the historic card. When it was returned it had been signed "To John Snagge who first spoke these words on the air: Dwight D. Eisenhower", by then the President of the United States, and countersigned by Winston Churchill and Eisenhower's deputy, Marshal of the

RAF Lord Tedder. Later on D-Day Snagge introduced the first edition of *War Report*, which thereafter became a nightly magazine programme of actuality material from the beaches, following the nine o'clock news.

After the war Snagge remained in charge of the announcers and the presentation announcements on BBC radio. He continued to give the sound commentaries on State occa-

sions which were broadcast overseas as well as at home. On the morning of 2 June 1953 I watched in America the *Today* television show on NBC. In those pre-satellite days the closest that American television could get to live coverage of the Coronation in Westminster Abbey was to relay the World Service, adding such visuals as were available in the studio. When the shortwave reception of Snagge's commentary faded, as it did more than once during particularly solemn moments of the ceremony, the American anchorman filled in with a facetious interview with *Today's* resident chimpanzee, J. Fred Muggs by name. It was a graceless enterprise which angered Snagge when he heard of it.

He retired from the BBC staff in 1965, but continued his Boat Race commentaries and the introductions to *Dad's Army*. Later he broadcast regularly on Radio London. He was a keen member of the Lord's Taverners, and served in turn as their Chairman, President, Secretary and Treasurer.

For many years John Snagge and his wife Eileen lived in a roomy house at Stoke Poges in Buckinghamshire. In 1979 they decided to move into something more easily manageable. He found a convenient smaller house in the pretty village of Dorney, near Windsor. He told me it was the ideal place for retirement: close to a good general store and on a bus route. It did not matter that they knew virtually no one there.

Alas in less than half a year the bus route was cancelled, the general store had closed, and Eileen Snagge had died. Snagge

was a bereft widower whose health had begun to deteriorate, no longer surrounded by familiar neighbours and isolated from everyday amenities. But in 1982 at a lunch given by the Variety Club of Great Britain to celebrate the BBC's 60th anniversary, Snagge found himself sitting next to a former BBC colleague, Joan Wilson. Within a few months they were married. She made the next nine years very happy ones for him, but in 1992, when he was 88, she too predeceased him.

Gradually John Snagge became very frail, but he summoned up the stamina, shortly before his 90th birthday, to attend the exhibition mounted by the Imperial War Museum to commemorate the 50th anniversary of D-Day and to re-read many times, for the benefit of different television and radio programmes, the text of Eisenhower's famous communiqué.

Leonard Maltin

John Derrick Mordaunt Snagge, broadcaster, born 5 May 1904; Assistant Stoke-on-Trent Station Director, BBC 1924-28; Announcer, Savoy Hill 1928-33; Commentator Oxford v Cambridge Boat Race 1931-80; Assistant, Outside Broadcasts Dept 1933-39; Assistant Director, Outside Broadcasts 1939; Presentation Director 1939-45; Head of Presentation (Home Service) 1945-57; Head of Presentation (Sound) 1957-63; Special Duties 1963-65; OBE 1944; author (with Michael Barmby) of *Those Vintage Years of Radio 1972*; married 1936 Eileen Jocelyne (died 1980); 1983 Joan Wilson (died 1992); died Slough 26 March 1996.

David Packard

David Packard was one of the giants of the American electronics and computer industry and one of the founders of Silicon Valley.

A giant of a man both physically – he was six foot five inches tall – and in his energy and impact, Packard and his Stanford engineering friend Bill Hewlett founded the Hewlett-Packard company in Packard's garage in Palo Alto, just off the Stanford campus, in 1939. They started the business with \$539 borrowed from a Stanford radio engineering professor, Fred Term, and tossed a coin to determine whether it was to be called Packard-Hewlett or Hewlett-Packard. Packard lost.

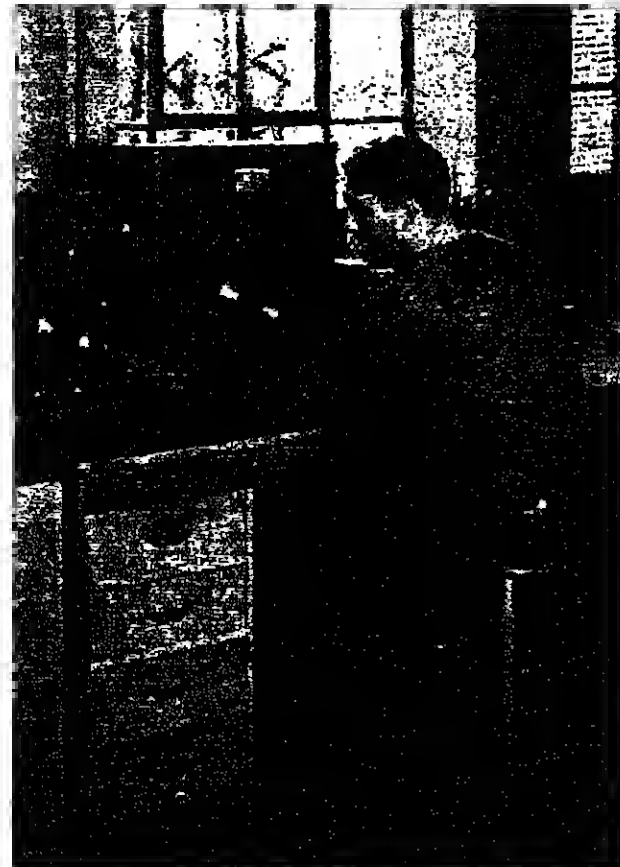
Today Hewlett-Packard, perhaps the leading manufacturer of printers for computers as well as of many other products, has an annual revenue of \$31 billion (£20,000 million) and 100,000 employees world-wide. Its headquarters are still just off the Stanford University campus.

Packard ventured into the world of government. He served as Deputy Secretary of Defense in the first two years of the first Nixon Administration, from 1969 to 1971, and was a member of a blue ribbon Commission on Defense Management in the Reagan Administration.

In 1957, at the time of the initial offer of Hewlett-Packard stock, Packard set down his thoughts about management and what came to be called the "HP way". The essence of his brilliantly successful management philosophy was encouraging people. In a book published last year, *The HP Way: How Bill Hewlett and I Built our company*, he wrote "get the best people, stress the importance of teamwork, and get them fired up to win the game".

As a result, a whole generation of leaders in the computer and information technology industries got their start at Hewlett-Packard, including Steve Jobs, who went on to start Apple computers.

After his creation and leadership of Hewlett-Packard, however, his second most important role was in philanthropy. He gave \$2 billion of his personal fortune, estimated at \$3.7 billion (£2,400 million) to the David and Lucile Packard foundation.



Packard testing a Hewlett-Packard device in the early 1940s

It has given large sums of money to Stanford University and to the Hoover Institution there; to children's charities; to environmental causes; to basic scientific and engineering research; and to the arts. In addition, Packard is listed by Martin Anderson of the Hoover Institution, along with Richard Mellon Scaife, heir to one of America's wealthiest families, as the two most important supporters of conservative causes.

David Packard was born in Pueblo, California, into a middle-class family in 1912. He met Bill Hewlett at engineering school at Stanford, and while on a climbing trip they decided to start a business together. On graduation, however, Packard first went to work for General Electric in upstate New York, while Hewlett did further study at the Massachusetts Institute of Technology in Cambridge, Massachusetts.

In early 1939 they started their company. Their first project was a set of eight oscillators

for Walt Disney Inc. for testing sound equipment for the film *Fantasia*. They were priced at \$71.90 each. It was a good time to be starting an electronic company in Southern California. The boom in the aircraft industry caused by the approach of the Second World War was already starting.

When the United States got into the war at the end of 1941, Bill Hewlett joined the US Army Signal Corps, and Packard stayed behind to run the business. Although both he and Hewlett were trained as engineers, Hewlett concerned himself with product design and manufacturing. Packard was the administrator and business man, notable for his decisiveness.

In the 1950s Hewlett-Packard expanded out of electronic and scientific instruments into calculators and in the following decades into computers and printers. All these products have an enviable reputation for working without fuss.

In 1969 President Nixon's Secretary of Defense, the former congressman Melvin Laird, tapped Packard for the job of restoring order to the administration of the Pentagon, where cost overruns were costing billions. Packard and Laird introduced a "fly before buy" policy, in which contracts would not be signed for a product until several manufacturers had competed to show what they could do and at what price.

Neither the new concept nor Packard's management skills made much difference. Most of the contracts Packard initiated, such as the S-3A anti-submarine aircraft and the DD-963 destroyer, ran into cost problems almost as bad as those which had plagued earlier systems. As for the Lockheed C-5A transport, which Packard spent 17 months negotiating, it proved both a financial and a technological disaster. Packard was happy to be back in California, and in private industry.

Few industrialists or managers have inspired such affection. "He encouraged everybody," said one colleague in the Hewlett-Packard oral history. "He would go around, and if anybody had any squawk, he wanted to hear them." Steve Jobs called Hewlett-Packard the model for Apple Computer.

The present US Defense Secretary, William Perry, called him simply "a giant in industry, public service and philanthropy", while the banker David Rockefeller called him "a brilliant scientist, an innovative businessman and an incredibly generous and tolerant human being".

In spite of his great wealth, Packard lived simply in California, though he and his partner Bill Hewlett owned large spreads of cattle ranching country in California and Idaho.

Godfrey Hodgson

David Packard, businessman and philanthropist; born Pueblo, Colorado 7 September 1912; founded Hewlett-Packard Co with William R. Hewlett 1939; President 1947-64; Chairman, Chief Executive Officer 1964-68; 1973-93; US Deputy Secretary of Defense 1969-71; married 1938 Lucile Sailer (died 1987); one son, three daughters; died Palo Alto, California 26 March 1996.

Economic miracles were not the only kind of miracle that occurred in Germany in the 1950s. At the very end of the decade and within little more than two years many of the writers who came to dominate German literary life – Hans Magnus Enzensberger, Günter Grass, Uwe Johnson, Martin Walser – published, to great acclaim, their first books. It was not the first time that a young generation snatched the limelight, sidelining an older generation.

Wolfgang Koeppen was one of that older generation – 40 when the Second World War ended, with two novels published and well received in the 1930s. Between 1951 and 1954 he published three more. After 1954, however, he wrote no other novel. Prizes came later, but they never made a public, spotlight figure of Koeppen, did nothing to alter the impression of a writer who, in fiction at least, had long since fallen silent.

Koeppen had hardly seemed programmed for silence. At school in Greifswald – he was born there in 1906 – he was, in his own words, fleeing from life into writing. When he was 15 he stuck a label on his door: "Wolfgang Koeppen, Man of Letters".

The commitment was plain enough, but it was threatened by a hesitant, fragile creativity. When Hitler came to power Koeppen had been for several years a successful *feuilletoniste* in Berlin and, whilst out of sympathy with National Socialism, saw himself as one of the writers who "if they hadn't been driven out or imprisoned or hadn't emigrated, clung to hopes that it wouldn't be too bad." He returned to Germany from Holland in 1938, avoided military service and lived mainly from writing film scripts.

Koeppen survived, proud of never having worn a uniform for Hitler. But uncertainties survived as well. "I asked myself what I had been waiting for all those years, why I had been a witness and why I had survived." The self-questioning seems finally to have proved productive – three novels appeared in rapid succession: *Tauben im Gras* ("Pigeons in the Grass") in 1951, *Das Treibhaus* ("The Greenhouse") in 1953 and, in 1954, *Tod in Rom* ("Death in Rome"). The timing is crucial – in a country barely emerged from chaos in 1951 it took gifts of both narrative range and focus to characterise a society that was both in shambles and in a vacuum.

In *Tauben im Gras*, disconnected fragments track a multitude of characters through one day in a German city under American occupation, a city unnamed but recognisably Munich. In a many-toned language Koeppen not only depicts a cacophonous world but peoples that world with individuals whose lives barely overlap. The result documents a uniquely German situation; it also, with its echoes of James Joyce and

John Dos Passos, reconnects the German novel at a surprisingly early date to modernist fiction well. "I asked myself what I had been waiting for all those years, why I had been a witness and why I had survived." The self-questioning seems finally to have proved productive – three novels appeared in rapid succession: *Tauben im Gras* ("Pigeons in the Grass") in 1951, *Das Treibhaus* ("The Greenhouse") in 1953 and, in 1954, *Tod in Rom* ("Death in Rome"). The timing is crucial – in a country barely emerged from chaos in 1951 it took gifts of both narrative range and focus to characterise a society that was both in shambles and in a vacuum.

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Philip Brady

Wolfgang Koeppen, writer; born Greifswald 23 June 1906; married 1946 Marion Ulrich; died Munich 13 March 1996.

Gp Capt Stuart Wilson-MacDonald

The Battle of Britain was fought nearly 46 years ago and the few who survived become fewer and fewer. Among them was Group Captain Stuart Wilson-MacDonald (he acquired the Wilson when he married his cousin Rosemary after the war).

Stuart Wilson-MacDonald survived not only the battle but a long series of combat tours. He thereafter flying and commanding operations until almost the end of the war. This five-year record was by no means unique among Second World War pilots, indeed it was not even all that unusual.

Initially Stuart MacDonald's prospects of a flying career were diminished by a series of boyhood illnesses, largely respiratory. However a period spent in Kenya probably contributed to his recovery, and by 1935 he was fit enough to win a short service commission in the RAF. Thereafter his time

was spent almost exclusively on fighter aircraft and he was particularly associated with number 213 Squadron, which he led during the Battle of Britain, in the Middle East, and later had under overall command in the Balkan Air Force. Such close association with an individual squadron is rarely attained in the RAF, which for that reason has something to envy in the regimental system of the Army.

In September 1940, operating from Tangmere, the most geographically exposed of all front-line airfields, MacDonald led the squadron in the final hectic month of the Battle of Britain and proved himself not only an effective fighter pilot but an inspirational leader whose men flew in combat more often than any other of his pilots. He personally destroyed at least three enemy aircraft while his own Hurricane was often severely damaged by enemy fire.

When the battle was completed the squadron briefly moved north; but the demands of this still most critical period of the war led to its early return to intensive operations, this time in the Mediterranean theatre. MacDonald led the squadron to the Middle East by way of a transit aboard the aircraft carrier *Furious*, with a refuelling stop in beleaguered Malta.

After further action which included joining as a wing leader the unhurried campaign against the Vichy French in Syria and a brief spell on the air staff, he was once again back in the heat of the action as leader of 283 wing, which included his old friends 213 Squadron and also two South African squadrons. As always he led the wing personally, this time largely in operations over the then Yugoslavia, and learnt the problems and lessons of flying over that difficult and hostile terrain.

Only when the war in Italy and the Balkans finally ended was he given a rest from active service. He was also given a permanent commission and a number of command appointments in the British Air Forces of Occupation in Germany and senior staff appointments in Fighter Command. He retired in 1963.

Stuart Wilson-MacDonald was a big man in every sense of the word, big but never big-headed. Handsome and powerfully built, he exuded great *bonhomie* and a quiet charm. After the war he married and was as happy in that marriage as he always had been in the RAF.

Christopher Foxley-Norris

Duncan Stuart MacDonald, pilot; born Oron, Scotland 5 March 1912; DFC 1940; DSO 1945; married 1947 Rosemary Wilson (one son, one daughter); died 29 February 1996.

Births, Marriages & Deaths

BIRTHS

BRUGHTON: On 22 March, to Bridget and Ashley Brughton, a daughter, Florence Mary.

Announcements for Gazettes BIRTHS, MARRIAGES & DEATHS (Births, Marriages, Deaths, Memorials, Weddings, Anniversaries, in Memoriam) should be sent in writing to the Gazette Editor, The Independent, 1 Canada Square, Canary Wharf, London E14 5DL, telephoned on 0171-293 2011 or faxed on 0171-293 2010, and are charged at £6.50 a line (VAT extra). OTHER Gazettes announcements (funerals, obituaries, marriages, marriages) must be submitted in writing (or faxed) and are charged at £10 a line, VAT extra. They should be accompanied by a daytime telephone number.

Birthdays

Queen Ingrid of Denmark, 86; Mr Gordon Adam, MEP, 82; Sir Dirk Buerge, actor and author, 75; The Hon George Bruce, portrait and landscape painter, 66; Professor Lord Butterfield, former Master, Downing College, Cambridge, 76; Sir Robert Clarke, chairman, Thames Water, 67; Mr Richard Eyre, artistic director, Royal National Theatre, 53; Mr James Hawley, Lord-Lieutenant for Staffordshire, 59; Professor Peter Hennessy, Professor of Contemporary History, Queen Mary and Westfield College, London, 49; Mr Peter Howell, Principal, London University, 60; Lord Hutchinson of Lullington QC, former Recorder of the Crown Court, 51; Lord Judd, consultant on social and political affairs, 61; Mr Neil Kinnock, former MP, a Member of the European Commission, 54; Mr Raymond Lister, artist and author, 77; Mr Martin Neary, Organist and Master of the Choristers, Westminster Abbey, 56; Mr Michael Parkinson, broadcaster, 61; Sir Derek Roberts, Provost, University College,

London, 64; Professor Merion Sandler, chemical pathologist, 70; Sir John Stephenson, former Lord Justice of Appeal, 86; Mr Richard Stigoe, lyricist and musician, 53; Mr Peter Winzar-Snell, former chairman, S.G. Warburg, 61.

Anniversaries

Births: Fra Bartolomeo da Pignolo, (Baccio della Porta), painter, 1472; Raphael Sanzio, painter, 1483; St Teresa of Avila, Carmelite nun, 1515; Johann Anton Cramer (Johann Anton Kramers), reformer, 1702; George I, King of Great Britain, 1704; Thomas Clarkson, abolitionist, 1760; Joseph Weigl, composer, 1766; William Henry Hunt, water-colour painter, 1809; Alexandre Herculano de Carvalho Azevedo, poet and historian, 1810; Sir John William Bazalgette, engineer, 1819; Antoine-Etienne Buisson, organist and composer, 1820; Michael Emin Pasha (Eduard Schnitzer), traveller, 1840; Aristide Briand, statesman, 1862.

Maxim Gorki (Aleksi Maximovich Peshkov), novelist, 1868; Josef Willem Mengelberg, pianist, conductor and composer, 1871; Paul Samuel Whitehead, leader, 1891; Corville Heymans, physiologist, 1892; Dame Flora Robson, actress, 1902; John Langshaw Austin, philosopher, 1911; Denise Pabineau-Habib, Peruvian, Roman emperor, murdered, 193; Waldemar II, King of Denmark, 1241; Juan Fernandez de Navarrete, "El Mudo", painter, 1799; Peg (Margaret) Wollington, actress, 1760; William Thackeray, architect, 1826; Moscov Petrowich Massensky, composer, 1881; Albert Pinkham Ryder, artist, 1847; Virginia Woolf (Adeline Virginia Stephen), author and critic, 1941; Sergei Vasilievich Rachmaninov, composer, 1943; Stephen Butler Leacock, humorist and author, 1944; Christopher Darlington Morley, novelist and playwright, 1957; William Christopher Handy, blues composer, 1895; Dwight David Eisenhower, general and statesman, 1889; Dorothy Fields, lyricist, 1914; Marc Chagall, painter, 1889; Eugene

Ionesco, author and playwright, 1904. On this day the Act of Union with England was passed by the Irish Parliament, 1800; Britain declared war on Russia (the Crimean War), 1854; electric lighting was installed in the Houses of Parliament, 1878; a disastrous storm and tidal wave swept New Zealand, 1888; the marriage took place in Hollywood of Douglas Fairbanks and Mary Pickford, 1920; after the dissolution of the Hungarian parliament, Admiral Miklos Horthy became dictator, 1920; the name of Constantinople was changed to Istanbul and Angora to Ankara, 1930; after Madrid surrendered to General Franco, the Spanish Civil War ended, 1939; the Battle of Cape Matapan, Greece, was successfully fought by the British Navy against the Italians, 1941; British commandos raided the French naval port of St Nazaire, 1942; the last German V2 rocket fell on Britain, 1945; the first London performance of the musical show *Damn Yankees* was staged, 1957; the pirate radio station "Radio Caroline" began to transmit from a ship in the North Sea, 1964; in Turkey, a severe earthquake resulted in the loss of more than 1,000 lives, 1974; during the civil war in East Pakistan, Sheikh Mujibur was captured and over 7,000 people killed, 1971; an accident occurred at the nuclear reactor on Three Mile Island, near Middletown, Pennsylvania, 1979. Today is the Feast Day of St Guntaricus or Guntar and St Tullio.

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Lectures

National Gallery: Stella Gambling, "Lions and Lambs (IV): the Lion of Saint Mark", 1pm. Victoria and Albert Museum: Sally Dormer, "Medieval Altar Pieces (II)", 2.30pm. British Museum: Hilary Williams, "Mme Vigée Lebrun and Lady Hamilton's attitudes", 1.15pm. National Portrait Gallery: Clare Gittings, "Sir Henry Union's Rooms", 1.30pm. Royal Society of Literature, London: WJ: Hermione Lee, "Virginia Woolf: biography and death", 7pm.

Sir William Shakespeare A memorial service for Sir William Shakespeare will be held at Radley College, near Abingdon, Oxfordshire, on Sunday 28 April at 3pm.

British Library

The Second Annual Douglas Bryant Lecture, which was to have been held on 2 April, has been cancelled due to the withdrawal of the speaker, Dr James Billington. The British Library apologises for the short notice of this change, and regrets any inconvenience caused. For further information, telephone 0171-412 7760.

Wills

Professor Alfred Felix London Beeson, of Ilford, Oxford, Laudian Professor of Arabic, Oxford University 1955-79, left estate valued at £510,508 net.

Professor Sir John Graham Douglas Clark, of Cambridge, the archaeologist and Master of Peterhouse 1973-80, left estate valued at

£710,681 net. He left £10,000 to Peterhouse, Cambridge, to support travel by undergraduates.

Mrs Constance Flagg Tupper, of Penrhyn, Cumbria, the maternal grandmother of the Duke of York, left estate valued at £185,856 net. After personal bequests, she left £100 each to the Parishes of Edentoft and Langworthy, and her books not otherwise bequeathed and the residue to Newnham College, Cambridge.

ROYAL ENGAGEMENTS

The Prince of Wales visits the Norfolk Wildlife Trust's Reserves at Claydon, North Norfolk Coast. The Duke of York visits Washington, United States of America. Princess Margaret attends a Gala Performance by the English National Ballet at the London Coliseum, London WC2.

Changing of the Guard The Household Cavalry Mounted Regiment mounts the Queen's Life Guard at Horse Guards, 11am; 1st Battalion Irish Guards mount the Queen's Guard at Buckingham Palace, 11.30am, band provided by the Grenadier Guard.

Apple C
Barratt
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Apple Computer stuns Wall Street with \$700m loss

DAVID USBORNE
New York

Bad news at Apple Computer worsened yesterday with a warning from the company that it expected to suffer a giant loss of \$700m (£450m) in the current quarter, far exceeding the dire predictions of analysts on Wall Street.

The announcement can only cast further doubt over the long-term viability of the once-mighty company as an inde-

pendent force in the personal computer industry that it helped to pioneer. It came one day after Moody's Investors Service in New York downgraded its debt to junk-bond status.

The dismal performance guarantees that this quarter, which ends on 29 March, will be the worst in Apple's history. The losses far outstrip the \$188m of red ink that was revealed in one quarter in the middle of 1993.

The company emphasised yesterday, however, that the

losses would be attributable in a large part to a write-down in the value of unsold inventory and to costs associated with restructuring. The company began a process of laying off 1,300 of its 14,500 employees at the start of this year.

Apple conceded, however, that both its shipping volumes and its revenues for the quarter would be significantly down on the same quarter last year, when the company earned \$73m on sales of \$2.65bn. The slowdown

has burdened Apple with a huge backlog of unsold computers and accessories that it has been unable to sell.

Although Apple had been signalling to Wall Street that a large loss was likely this quarter, few analysts had been expecting anything so dramatic. "It's a shocker in one sense because I don't think anyone realised how big the inventory write-off would be," remarked Tim Bajarin, president of Creative Strategies Research

International in San Jose, California.

Gilbert Amelio, who took over as Apple's chairman two months ago, tried to put an optimistic veneer on the news, insisting that he remained convinced that the company's fortunes could be turned around. He promised to unveil a detailed rescue plan in May. "I'm confident at this point that I know what the problems are and that they are fixable," Mr Amelio said from Apple's head-

quarters in Cupertino, California. "We plan to aggressively address these issues and take the necessary corrective actions. We will be able to articulate our plans by early May."

Much of the personal computer industry in the US has been issuing warnings of tumbling earnings as demand for home computers has begun to slide. Some manufacturers, notably Compaq, have introduced across-the-board price cuts, which can only compound the

squeeze on Apple. Apple has been doubly hurt, meanwhile, because of falling consumer confidence in the company and its future. Fears about its viability were fed by rumours at the start of this year that it was contemplating a merger with Sun Microsystems as its only escape route from disaster.

Shortly after taking the reins at Apple, Mr Amelio put an end to tentative takeover talks with Sun Microsystems and indicated his own preference for maintaining Apple's independence. Apple began to hit the headlines with its difficulties early this year, when it revealed a \$69m loss for the last three months of 1995. Once the whizz-kid of the industry, Apple has found itself increasingly sidelined by the dominant standards of the Microsoft Windows operating system and the chip technology of Intel. The ensuing turmoil led to the replacement of its then chief executive, Michael Spindler, with Mr Amelio.

Barratt gambles on housing market recovery

TOM STEVENSON
City Editor

Sir Lawrie Barratt placed a massive bet on recovery in the housing market yesterday, announcing plans to build 11,000 homes a year by the end of the decade, a level Barratt last reached in the mid-Eighties. To fund the expansion, the house-builder tapped the market for £90m in a one-for-four rights issue, its first cash call for 13 years.

News of Barratt's growth plans came as the company bucked the recent depressing trend among Britain's large housebuilders with a jump in half-time profits from £16.1m to £19.1m for the six months to December. Despite difficult trading conditions, Barratt completed 3,002 homes in the six month period, an increase of 12 per cent over the comparable half year.

Sir Lawrie, who six months ago reelected the Government for its failure to support the housing market, turned his attention to fellow housebuilders this time, criticising their "flawed expectations" of recovery which had led to a surplus of unsold houses in the industry and unnecessarily low selling prices. The flood of poor results in the sector in recent weeks was, he said, a reflection of over-bidding for land in the false dawn of 1994, when many observers believed the housing

market was pulling out of recession only to be wrong-footed by a second slump.

He also criticised much of the recent corporate activity in the sector, claiming that Barratt had looked at the 12 housebuilders to have been acquired in the past three years and had rejected them all on price grounds. Warning that many of those deals, including the recent acquisition of Trafalgar House's Ideal Homes by Persimmon, had been struck at between 10 and 25 per cent over the odds, Sir Lawrie said: "Why should we take on other builders' problems and then suffer the penalty of paying goodwill for the privilege?"

Reacting to criticisms that the proposed expansion could be a re-run of the rapid growth in

the late 1980s that led to a collapse into the red in 1991, and the return from retirement of Sir Lawrie, chief executive Frank Eaton said Barratt was a much better run business than five years ago. He pointed to a return on capital of over 20 per cent, which compares with the sector average of only 13 per cent.

Barratt denied it was being forced into a volume battle with Wimpey, which - following its recent asset swap with Tarmac - toppled Barratt from its position as Britain's biggest housebuilder. With a new housing market share of only 4.2 per cent and a share of just 0.6 per cent of total housing transactions, the company believes it has plenty of scope for growth. The focus will be the South-east where the company sees the greatest potential for expansion. Market improvements in that region were the biggest driver of profit growth in the first half.

Sir Lawrie continued his attack on the Government's housing policy yesterday, saying: "In spite of the favourable ratio of house prices to income and relatively low mortgage rates, the market was adversely affected by Government action to reduce Mins and Income Support."

The rights issue, pitched at 20p, compared to Tuesday's close of 23p, is underwritten by SBC Warburg.



Sir Lawrie Barratt: Betting on a housing recovery



Hot line: Graham Howe, Orange's finance director (front), and Kurt Snook, managing director, celebrate as shares in the mobile company shot to 245p at start of trading compared with the offer price of 205p.

hours between 2.30pm and close of play, when the price had settled at 237.5p. Even top institutions received only 10 per cent of the shares they applied for. The flotation of 25 per cent of Orange raises £624m, valuing the company at £2.5bn. Investment Column, page 22 Photograph: Kalpesh Lathiga

Unions braced for job losses at United Utilities

MARY FAGAN
Industrial Correspondent

Unions fear that 2,000 job losses may be announced today at United Utilities, the company formed by North West Water's £1.8bn takeover last year of Nwreco, the regional electricity firm.

There was also speculation yesterday that the group might dispose of its retail operations, which have a substantial high street and supermarket presence in the North-west. City sources said that the most likely route for such a disposal would be a management buyout.

United Utilities declined to comment, but the group is expected to make an announcement to the Stock Exchange this morning. Shares in the company rose 19p to 597p.

Commenting on the rumours, one City analyst said: "The merged operation will have big restructuring costs. Heavy job cuts seem inevitable at some stage."

He added: "They do not seem to have made much progress so far in integrating the business or on delivering the reductions in cost."

Last year Nwreco had about 7,600 full-time equivalent employees, 2,000 of them in retail operations - a business the company had pursued energetically.

Unions fear the job cuts might be in addition to reductions on the retail side. City analysts said that a combination of 2,000 redundancies with a retail disposal would be viewed by investors as aggressive.

In November, the group warned that there would be a shake-up in the combined operation, which finally came into being on 1 January.

Brian Staples, then chief executive of North West Water, said: "We're going to completely redesign the group. The idea is to create more non-regulated earnings."

The company has already made progress on that front, with a recent 20-year agreement to operate water and sewer services for North Brunswick in the state of New Jersey in America.

Mr Staples also said that United Utilities should be able to deliver real dividend growth of 8 per cent or greater, against the 7 per cent real growth promised by North West alone.

He said that for the first five years, the money would go to shareholders as higher dividends, and only after the year 2000 would customers begin to see any effect on their bills, spread over five years.

Pilkington sacks 1,900 workers

TOM STEVENSON

Pilkington is to cut 1,900 jobs from its European and US glass-making businesses as part of a radical shake-up of its manufacturing operations. The news, which will cost £155m over three years, was greeted with dismay by unions.

In the City, profit forecasts were shaved as the chief executive, Roger Leventon, also warned that expectations for the year to March were too optimistic. The shares closed 8p down at 198.5p.

Although flagged by the company at the time of its recent acquisition of the Italian glass-maker SIV, the size of restructuring surprised some investors, coming as it did only months after the company tapped the market for £300m in a rights issue. About £70m of the total cost is to cover redundancies, with a further £85m to write down the book value of factories slated for closure.

In both Europe and the US, products are being shifted between sites to lengthen production runs and reduce unit manufacturing costs. In addition, Pilkington's German dou-

ble-glazing capacity is being cut to reflect falling demand.

There was an angry response from union leaders, who said yesterday they would be seeking immediate consultation with Pilkington's management. Alan Black, a GMB official, said: "I had hoped that the days of hearing about redundancies through the media had long gone."

Mr Leventon, the former RTZ executive who broke a long line of Pilkington family appointments when he joined as chief executive, responded that he was obliged to release price-sensitive information to the market in this way.

He played down the impact of the proposed job losses on British workers, pointing out that only 14 per cent of Pilkington's business was located in the UK. More than a third is in Germany, which is expected to bear the brunt of job losses, and a quarter in the US.

MAGNUS GRIMOND

Arjo Wiggins Appleton, the troubled Anglo-French paper-making and merchandising group, yesterday announced the sudden departure of its chief executive, Alain Soulas. He has been replaced by Philippe Beylier, who has been in charge of the group's successful merchandising division and will now be based in the UK.

The move was welcomed by the City, which saw it as po-

tentally herking the sale of the group's struggling European manufacturing operations. The shares added 6p to 204p.

Arjo said Mr Soulas was leaving by mutual agreement, but added that he was expected to pick up around £740,000 compensation for loss of office. One source close to the company said the parting involved "a degree of French pragmatism".

The departure of Mr Soulas is thought to be linked to the

widespread review being conducted by new deputy chairman Daniel Melin, also chairman of Arjo's 40 per cent shareholder Saint-Louis, the big French food and sugar group, who arrived in December.

The results of the review, which is thought to involve the management consultants McKinsey, are expected in the summer. Analysts expect it to recommend radical action to deal with the group's problems. Mike Murphy of brokers

SBC Warburg said there was a question mark over the sustainability of the European paper-making business - parts of which were loss-making last year. "The removal of Soulas, who is a manufacturing guy and has run mills in the past, could remove an obstacle to the sale of that business," he said.

He estimated Arjo's break-up value at only between 15p and 16p a share, valuing the whole group at around £1.7bn. The shares have slumped

from 288p last July after the company was forced to issue a series of trading warnings as de-stocking in the European paper industry hit its business.

As it turned out, pre-tax profits slumped from £27m to £7m last year, depressed by a £121m exceptional restructuring charge.

The company announced 690 job cuts - over half of which related to the carbonless and thermal papers operations in Europe.



Departure: Alain Soulas leaves by mutual agreement

Mulcahy talks tough with B&Q boss

NIGEL COPE

Sir Geoff Mulcahy, chief executive of Kingfisher, yesterday backed the management of the group's B&Q DIY subsidiary despite a 33 per cent slump in the division's profits.

The pledge confused many in the City as earlier suggestions had been that B&Q's chief executive, Jim Hodgkinson, was set to leave the group after the poor performance, and a decision by Sir Geoff to rein back the expansion of the Warehouse store format that Mr Hodgkinson was keen to expand.

Sir Geoff said: "Jim is at the

helm and we have an agreed plan of action." He admitted that there had been some "tough talking".

At an analysts' meeting yesterday morning Sir Geoff took all questions on B&Q while Mr Hodgkinson sat silent on the podium after his presentation. The style of the briefing conveyed the impression that Sir Geoff was exerting a stronger control over the operating businesses.

In spite of the company's statements on management, analysts and institutional investors are still uncertain how long the entrepreneurial Mr

Hodgkinson will want to remain at B&Q. One fund manager said: "It looks a bit sloppy if they can't make their mind up. I suspect that his [Mr Hodgkinson's] ambitions are not being matched by what Kingfisher is trying to do."

The group had intended to open nine of its huge Warehouse stores this year but will now open only four. The Warehouse stores show comparative sales growth of 9.4 per cent. But sales have declined 1.2 per cent at the standard-size stores. Group profits were down from £83m to £55m last year though sales grew 5 per cent to £1.3bn.

Kingfisher announced that pre-tax profits for the year to 3 February. Pre-tax profits, excluding exceptional items, rose 2 per cent to £287m. Total profit rose to £311m, including the sale to Darty, the French electricals business, of a subsidiary. Star performer was Woolworths where profits rose 27 per cent to £65m. Comet, the electrical chain, turned last year's £2m loss into a £3m profit while Superdrug profits rose 8 per cent to £41m. The Darty electrical chain in France was held back by a weaker French economy.

Comment, page 23

Concerns over weak economy resurface

DIANE COYLE
Economics Editor

Lower investment and higher stockpiling at the tail-end of 1995 renewed concerns about the weakness of the economy. But the financial markets shrugged off worries about the impact of the beef scare on Government borrowing, bidding more than two and a half times over for £3bn-worth of gilts auctioned yesterday.

Total investment fell slightly in 1995 as a whole. This was due mainly to an 11 per cent drop in investment by utilities, mining and quarrying. Manufacturing investment rose 8 per cent, the highest rate of increase since 1992.

Economists said the figure was disappointing following the extremely high profits growth of the previous year. Firms had used the earnings to pay higher dividends and take over other companies rather than invest in new equipment or buildings.

Revised figures for investment and stocks showed that the decline in investment spending in manufacturing at the end of last year was not as steep as the 9 per cent originally estimated. However, it still fell by 5 per cent in the final quarter, returning to its end-1994 level.

The outlook for industrial investment this year is not

encouraging. Profits are now increasing at a far slower pace, and the company sector returned to financial deficit for the first time in nearly three years at the end of 1995.

Levels of stocks were revised up, showing a total increase of just over £1bn at 1990 prices in the final quarter. Ratios of stock levels to output in manufacturing reached their highest level since the start of 1993.

"Manufacturers are carrying too much raw material, too much work in progress and too many finished goods. It is quite alarming," Ian Shepherdson, an economist at HSBC Markets, said.

Despite the disappointing economic figures, financial markets were reassured by the gilts auction's success. Demand for the short-dated stock exceeded the £3bn on offer 2.64 times. The "tail" - the gap between the highs and the average price - was only 4 basis points.

The Treasury yesterday published its second annual Debt Management Report, setting out the Bank of England's task in financing government borrowing in the new financial year. It forecast a financing requirement of £35.6bn - the target £22.4bn public sector borrowing requirement plus redemptions, which in 1996/97 will amount to £11.5bn.

STOCK MARKETS									
FT-SE 100									
Index	Close	Day's change	Change (%)	1995/96 High	1995/96 Low	1995/96 Vol	1995/96 Div	1995/96 Yield (%)	
FTSE 100	3672.40	+11.50	+0.3	3781.30	2954.20	4.04			
FTSE 250	4305.70	+11.20	+0.3	4305.70	3990.90	3.43			
FTSE 350	1851.10	+5.60	+0.3	1859.00	1482.40	3.91			
FT Small Cap	2090.34	+9.74	+0.5	2090.34	1678.61	3.07			
FT All Share	1831.51	+5.34	+0.3	1894.59	1459.23	3.64			
New York	5556.51	-14.09	-0.2	5693.60	3382.08	2.13			
Tokyo	21329.80	+315.21	+1.5	21329.80	14465.40	0.79			
Hong Kong	11068.57	+82.19	+0.7	11194.48	8987.83	3.87			
Frankfurt	2525.42	+26.10	+1.0	2525.42	1910.88	1.94			

Source: FT Information

INTEREST RATES									
Short sterling									
1 Month	5.00	5.24	5.13	5.53	8.25	8.53			
3 Months	5.24	5.72	5.25	7.13	8.58	7.78			
6 Months	5.25	5.80	5.19	8.56					
1 Year	5.44	5.39	6.39	7.15	7.15				

Bond yields									
UK medium gilt									
1 Month	5.00	5.24	5.13	5.53	8.25	8.53			
3 Months	5.24	5.72	5.25	7.13	8.58	7.78			
6 Months	5.25	5.80	5.19	8.56					
1 Year	5.44	5.39	6.39	7.15	7.15				

US long bond									
1 Month	5.00	5.24	5.13	5.53	8.25	8.53			
3 Months	5.24	5.72	5.25	7.13	8.58	7.78			
6 Months	5.25	5.80	5.19	8.56					
1 Year	5.44	5.39	6.39	7.15	7.15				

CURRENCIES									
\$/£									
Yesterday	1.93	-0.01	-0.1	1.93					
1 Week	1.93	-0.01	-0.1	1.93					
1 Month	1.93	-0.01	-0.1	1.93					
3 Months	1.93	-0.01	-0.1	1.93					
6 Months	1.93	-0.01	-0.1	1.93					
1 Year	1.93	-0.01	-0.1	1.93					

\$/DM									
Yesterday	1.93	-0.01	-0.1	1.93					
1 Week	1.93	-0.01	-0.1	1.93					
1 Month	1.93	-0.01	-0.1	1.93					
3 Months	1.93	-0.01	-0.1	1.93					
6 Months	1.93	-0.01	-0.1	1.93					
1 Year	1.93	-0.01	-0.1	1.93					

\$/¥									
Yesterday	1.93	-0.01	-0.1	1.93					
1 Week	1.93	-0.01	-0.1	1.93					
1 Month	1.93	-0.01	-0.1	1.93					
3 Months	1.93	-0.01	-0.1	1.93					
6 Months	1.93	-0.01	-0.1	1.93					
1 Year	1.93	-0.01	-0.1	1.93					

business

Housing slump knocks Caradon profits

MAGNUS GRIMOND

Caradon, the Everest double glazing to Mira showers building products group, yesterday warned that it would continue to review its capacity as it confirmed that troubled housing markets had caused a slump in profits for last year.

But further serious job losses beyond the 1,630 already announced are not expected. Caradon's chief executive, Peter Jansen, said: "The difficulty is in forecasting the UK market, where we have 50 per cent of

our business. The general view is that while the first half will be difficult, the second half will show signs of recovery."

There had been no improvement in the early months of the year, he said, but it was difficult to call because the bad weather had kept the industry busy with emergency work such as burst pipes.

After a flat year for housing starts in the US, Mr Jansen said, "things are now getting better and our businesses are performing accordingly". But in Germany, where Caradon paid

over £100m for a half-share in the Weru doors and windows manufacturer last year, the picture continues to be gloomy. Housing activity is expected to be weak in 1996, although Mr Jansen insisted that the group remained very pleased with Weru, which remained a central part of its strategy.

Restructuring delivered £25m of cost savings last year and Caradon expects an accelerated programme begun in September to deliver a further £25m in the current year, making £50m in all. But despite the

company's efforts, pre-tax profits slumped from £201m to £114m in the year to December. The dividend for the year is held at 9.5p, after a final of 6.6p. The shares added 1p to 204p.

The results were hit by a £27.6m restructuring charge in the original operations, of which £12.9m related to the plumbing division and £5.6m fell in the electrical business centred on MK Electric, the UK's leading plugs and sockets manufacturer. A further £4.5m provision was taken in Weru, which announced last month that it

would cut 170 jobs at its factory near Stuttgart.

Without Weru, Caradon's figures would have looked much worse. It contributed £12m in its first eight months with the group, just enhancing earnings, but that was insufficient to offset £15.5m losses from doors and windows in the US. Apart from the 7 per cent fall in US housing starts, the deficit was exacerbated by £8m of one-off costs at the Better-Built subsidiary due to the introduction of a new computer system.

Mr Jansen said he believed there was "nothing to worry about" from the continuing Department of Trade and Industry investigation into unusual dealings in the group's shares prior to a profits warning that accompanied the interim results in September. He refused to comment further as the matter was *sub judice*.

He said there were no immediate plans to buy out the minority in Weru, nor to dispose of the security printing operation, which saw profits dip £1m to £38m last year.

IN BRIEF

- Bowthorpe, the electrical and electronic components group, is ready to spend up to £40m on a European or American acquisition. It is also seeking to expand its presence in Asia through acquisitions, although joint venture agreements with local partners were the preferred route to expansion, the company said. The news came as Bowthorpe announced pre-tax profits up from £65m to £77.5m in 1995. Net cash was £11.4m at the year end and the company said it would be comfortable with gearing of 50 per cent if the right acquisition arose.
- Higgs & Hill tumbled into the red last year thanks to exceptional provisions against a contract at Guy's hospital, London, and a one-off reorganisation charge. Those reduced a £72,000 operating profit, struck from a 22 per cent increase in sales to £352m, to a £7.6m loss, which compared with 1994's profit of £1.3m. Higgs & Hill warned in December that it would slip into losses for the year as a whole but it admitted yesterday that the reorganisation provision had been greater than expected. George Duncan, chairman, warned that the first half of 1996 would remain difficult.
- FT Group, the software services supplier, announced a flotation price of 235p a share yesterday, which will give the group a market capitalisation of £69.8m. The group is being floated on a forecast profit before taxation of £4.6m for the year to April, which implies a prospective price/earnings ratio of 21. Dealings in FT's shares are expected to begin on Wednesday 10 April.
- Iceland, the frozen food retailer, has bought back £42m of its own shares, reducing the prospects of a large acquisition. The company has bought 27 million shares at 156p. The shares rose in early trading but fell back again to their starting level of 155p. The buy-back is being financed from borrowings and will increase gearing to 20 per cent.
- Asda Property managed to shrug off generally falling property values to report a 1 per cent increase in net assets to 130p a share in the year to December. The company also announced record profits of £8.9m following a 12 per cent rise in its net rental income to £14.3m. The dividend is increased 8 per cent to 2.6p.

Away day in Peking nearly came off the rails

Clem Jansen, chief executive of Silvermines, the Leicester-based manufacturing group, nearly got run over in Peking recently. He was in the Chinese capital trying to take a picture of the front of the new railway station, which is two kilometres wide, since it contains closed circuit TV cameras made by Silvermines. Much of the 41 per cent leap in sales last year was due to such technology, he said, but he was lucky to be alive to announce the results.

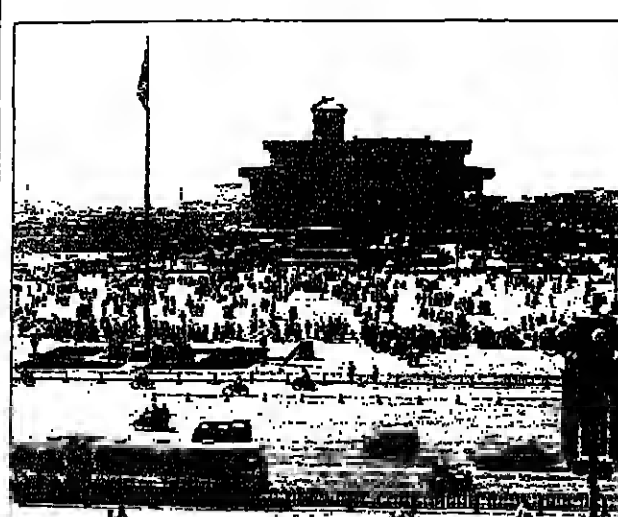
Howard Davies, deputy governor of the Bank of England, is taking time off from worrying about the effects of EMU on British industry to christen a canal narrow boat. On Saturday, Davies will name the Bank's own boat, the Watermark, on a canal near Derby. The boat replaces the old Watermark, which had to be sold off following nine years of wear and tear. The Bank Waterways Society owns and runs the boats, which are hired out to Bank staff. The sailing club also runs a yacht, called Ingotism, after the Bank of England's telex address.

Hans Snook, group managing director of Orange, had one sticky moment when preparing for yesterday's £2.5bn float. Whilst on a roadshow to US institutions, Snook was asked by one American banker: "What's going to happen to your Argus?" Snook recalled yesterday: "I thought he was being rude. In fact it stands for 'average revenues per unit'."

The last time only two horses finished the Grand National was 1928, and Sporting Index are hoping that history won't repeat itself this Saturday. The spread betting specialists lost £90,000 in 1994 when only six horses finished. This year they are taking the horse by the reins and forecasting that there will be between 13 and 15 finishers in their "Number of Finishers Index." Another bet being offered is the First to Last Index which asks the punter to wager on the number of lengths there will be between the winner and the last horse to complete the National course. The Sporting Index spread for this is between 110 and 120 lengths. On the other hand you could put your fiver on a horse with an interesting name.

CITY DIARY

JOHN WILLCOCK



Peking: Mean streets for unwary photographers

where a unit is a customer."

Half-way through the ads for toothpaste and motor insurance on London News Radio yesterday morning came an exhortation to join the Institute of Directors. Apparently the IOD feels that 50,000 members is not enough. The ad asked: "Are you a company director who is not a member of the prestigious IOD? If so, many doors will be closed to you," followed by the sound of slamming doors. The various doors that would be opened were then listed. "We've never done this on radio before," an IOD spokesman said. He denied it was a desperate

measure to get new members. "They still have to satisfy quite searching criteria. The ads are an experiment for a couple of weeks. We were offered a good rate."

Roughly 47 per cent of senior executives are prepared to commit fraud by understating company profits, the *Wall Street Journal* reported this week. According to a study by four business school professors published in the February issue of the *Journal of Business Ethics*, 41 per cent of controllers and 76 per cent of graduate-level business students were willing to commit fraud as well. Securities and Exchange Commission officials commented that failure to record write-offs properly is one of the most common types of fraud investigated.

The Inland Revenue should win a prize for "Most Instructive Press Release title" with this week's contribution: "Ships: Rollover Relief for Balancing Charges."

Irish media group set for £206m acquisitions

MATHEW HORSMAN
Media Editor

Independent Newspapers, the Irish publishing group, yesterday announced record profits and said it was prepared to spend as much as £200m (£206m) on further international acquisitions.

The group, 28 per cent owned by the Heinz chief executive Tony O'Reilly, shook off spiralling newspaper costs to push pre-tax profits 33 per cent higher to £250m, on sales 36 per cent ahead to £1,368m.

Liam Healy, chief executive, said the results from the company's South African and Australian publishing interests were notably strong. "We continue to believe there is a lot of development potential, particularly in South Africa," Mr Healy said. Independent dominates the

Irish newspaper market, where it publishes the quality market leader, the *Irish Independent*. Operating profit in Ireland increased by 21 per cent to £25.9m, on turnover ahead 18 per cent to £160.9m.

In the UK, the company owns 43 per cent of Newspaper Publishing, owner of the *Independent* and the *Independent on Sunday*, as well as regional newspapers, magazines and an outdoor advertising operation. It has recently expanded aggressively overseas, taking its stake in Independent Newspapers Holdings (formerly Argus) of South Africa to 60 per cent. Last year it also made its first foray into New Zealand, where it controls 45.1 per cent of Wilson & Horton, the largest publisher, through its 50 per cent-owned Independent Press. In Australia, the group owns

25 per cent of Australian Provincial Newspapers, the regional newspaper publisher, which contributed operating profits of £541.9m (£21.3m) last year.

All told, overseas operations account for more than 50 per cent of total profits. Mr Healy said the company intended to continue expanding globally, following an established strategy of taking minority stakes and building on them.

Separately, Independent announced a capitalisation issue on the basis of two new shares for every three currently held. Mr Healy said the issue was aimed at lowering the unit price of the share to encourage investor interest.

A final dividend of 16.5p has been recommended, taking the total for the year to £10p, up 18 per cent over 1994. The shares added 5p to close at 483p.

THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

A leap of faith is needed before buying Orange

The number-crunching by analysts as yesterday's first dealings in mobile phone group Orange approached has been impressive. All sorts of arcane discounted cash flow models and comparisons of earnings multiples have been used to assess the value of the company at different risk premiums.

Depending who you talked to, the paper value of the company on flotation came out anywhere between £1.5bn and £3.2bn. In the end, the sale price was £2.45bn and the shares shot to a 19.5 per cent premium, valuing the whole of Orange at £2.9bn.

If it had been a sale of the whole company, the owners would of course have been kicking themselves at giving away so much. They could in fact have floated at a higher price, but decided against raising the ceiling of the indicative pricing range of 175p to 205p - published in the prospectus - despite early evidence that the offer would be heavily oversubscribed.

It is obvious why they were so generous: three-quarters of Orange stays with British Aerospace and Hutchinson, and a healthy premium at the start is good investor relations for the long term. The marginal underpricing should be more than made up by the increase in the paper value of the rest of the stock.

The problem with valuing a stock like this is that investment appraisal is only the beginning. Orange is a latecomer to a relatively new market and it happens to have had an extremely successful year, wrong-footing Vodafone, Cellnet and Mercury One-2-One on both pricing strategy and marketing.

But with such a short track record, projections of future growth, market share, margins and customer usage are about as reliable as economists' forecasts of gross domestic product: useful as a working assumption for a Budget or a spreadsheet, but anybody who believes them needs his or her head examined.

To buy Orange requires a leap of faith as well as number-crunching. There is evidence all around that mobile telephony will have an all pervading influence on people's lives in the next century. The choice of Orange rather than Vodafone is dictated by the fact that over the next two

years the company has a useful advantage: the fact that - unlike both Vodafone and Cellnet - it sells only digital phones.

Orange shares nevertheless look expensive on paper when compared with Vodafone. They will stay that way just as long as the company outperforms its bigger rivals in growth of market share.

Barratt sets off alarm bells

Barratt's results for the first six months to December were a welcome relief after the carnage of the recent building reporting season. Increasing profits by 19 per cent was an impressive performance measured against the substantial falls recorded by peers such as Beazer and Wilson Connolly.

The announcement of a £90m rights issue to accelerate the group's land purchase programme, however, will set alarm bells ringing with anyone whose memory stretches back more than the past four years.

When Barratt plunged more than £100m into the red in 1991 it was the direct result of just the sort of expansion that the company is contemplating over the next four years.

Sir Lawrie was quick to criticise his rivals yesterday for their over-enthusiasm in 1994 when greed took over from fear and most of the industry took their cheque books out to snap up what remains of the UK's scarce land resources.

The recent profits collapses are a direct result of the rapid escalation in raw material costs which that auction set in train.

Barratt dismisses suggestions that it is a volume junkie, out to get its own back on Wimpey, which since the asset swap with Tarmac is now at the top of the house building heap. It is also, chief executive Frank Eaton promises, a much better run business than the one that came such a spectacular cropper five years ago.

It may well be, although it is hard to

judge using Barratt's preferred measure, return on capital employed.

The house building industry's propensity to write down asset values when the going gets tough makes that a meaningless ratio.

The market took yesterday's cash call in its stride, with Barratt's shares slipping only 7p to 232p, bang in line with the notional ex-rights price implied by the terms of the rights - one-for-four at 200p.

On the basis of forecast profits of £51m for the full year - compared with last year's £47.1m - the shares stand on a prospective price/earnings ratio of 13.

If you can shake off the fear that a battle between Barratt and Wimpey will send land costs soaring, that is reasonable value.

If the thought worries you, the shares are rather less attractive.

Logistical hitch at Tibbett

Logistics, or managing other companies' transport and distribution requirements, is not the go-go business it once was, a fact reflected in the near-halving in the share price of Tibbett & Britten from a high of 908p just over two years ago. The market, however, is not the only problem facing Tibbett.

Just about the time its shares were peaking, Tibbett was busy overpaying for Tolman, a car transportation business which dragged the group's existing Axial UK operation from a £4.4m profit to a £9.8m loss last year.

That turnaround in large measure explains the collapse in Tibbett's pre-tax profits from £26.9m to £12.1m last year. The market was well warned of the problem and the shares bounced 82p to 505p yesterday with relief that things were not worse.

Tibbett was clearly blinded by the promise of picking up the rest of Ford's UK business when it forked out £15.4m for Tolman.

As it happened Ford, now 70 per cent of Axial UK's turnover, chose last year to shake up its manufacturing operations in Europe. Compounded by poor management and dull information systems, almost everything that could go wrong has done so.

The business is now said to be back on track for profits next year, but the rest of the group's operations are looking patchy. With turnover related to the consumer goods industries having risen from 50 to 55 per cent last year, Tibbett has increased its exposure to the cutthroat retail sector.

The Canadian business did well, but much of the growth in the other international operations outside Axial Europe came from acquisitions. Tibbett is now moving into the potentially exciting US market and is convinced it will succeed where Christian Salvesen failed a few years ago.

The company's management remains confident that there is still growth left in the logistics market, but the City may take some convincing about this. On a prospective p/e of 15, assuming profits bounce to £23m this year, the shares now look high enough.

BET steps up Rentokil battle

RUSSELL HOTIEN

BET sought to regain the initiative in its takeover fight with the retail business services group Rentokil yesterday when it staged a mass presentation to institutional investors.

With city analysts expecting that a small rise in Rentokil's current £1.9bn offer might win the battle, BET published new figures which it said underlined the growing strength of the business.

BET said that about 30 of the 50 largest shareholders in the company sent representatives to the meeting, where the chief executive, John Clark, outlined prospects for the key operations in the group.

Six operations - distribution, security, training, textile, leisure and plant hire - would produce turnover up 14 per cent this year, with operating margins rising to 11.5 per cent.

The true potential of BET lies within these six key product groups. They are the bedrock of the future of BET, and we are confident that they will deliver growth well into the next decade," the chairman, Sir Christopher Harding, said.

But Rentokil seized on BET's failure to mention its cleaning and personnel services activities, which it claimed accounted for one-third of turnover.

Clive Thompson, Rentokil's chief executive, said: "Yesterday BET shareholders must have been disappointed by what they saw and heard today. Their board remains unwilling to address the real performance of the majority of BET businesses."

The comments came as stockbrokers NatWest Securities issued a report that BET appeared to have little chance of escaping Rentokil's clutches. Analyst Paul Morland said: "We conclude that Rentokil's initial offer is generous and BET shareholders should not assume that it will be raised. If the offer is raised, it is unlikely to be by very much."

He believes that Rentokil has little scope to raise the offer, because a takeover would enhance earnings by 3 per cent if there were no disposals.

"If Rentokil were to dispose of plant services and Style conference management, we estimate that the deal will be earnings neutral at the current offer price," he said.

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Barratt: at a glance
Market value: £427m, share price 232p

Trading record	1993	1994	1995	1996
Pre-tax profits (£m)	20.4	39.2	47.1	16.1
Dividends per share (pence)	4.8	6.0	7.5	2.5

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Facing up to the hard financial facts of devolution

The Labour Party has committed itself to transferring economic decision-making from the faceless bureaucrats of Whitehall to Wales, Scotland and the regions of England. Go and tell that to our Nelly, as my Lancashire forebears might have put it.

This sceptical reaction is a bit unfair, for Labour has established a regional policy commission to explore all the options. It is not due to report until late April. But there are at least two very good economic reasons for doubting whether the full-scale devolution of tax and spending powers can take place for the foreseeable future.

The first point is that, as in any country, the population of the richer regions subsidises people in the poorer regions. This is just as it should be. However, in other countries it is the wealthy who want to stop shelling out for their feckless poorer compatriots – the Milanese who want to stop supporting Naples, and the Catalans who would prefer not to subsidise the Galicians.

Unfortunately, it is the poorer regions that are keenest on devolution in the UK. They will end up making it clear to the apathetic majority how big the existing regional subsidies are and will need to remain after devolution. Although many Scots, on their tenth visit to see *Braveheart* at the cinema, firmly believe that Scottish oil revenues have underwritten the rest of the nation for more than two decades, the fiscal arithmetic is complicated and controversial.

The second point is that there is a conflict between genuine devolution of powers to tax and spend and control of the public finances. The Shadow Chancellor, Gordon Brown,

is keen to appear as responsible with his budget as the most hawkish City financier could wish, but it is hard to believe that elected regional governments would share this concern.

The first set of obstacles is very thoroughly laid out in a recent report from the Institute for Fiscal Studies. Assigning public expenditure and tax revenues to the different UK regions is tricky, for both practical and conceptual reasons. The practical obstacle is the limited availability of data. It is one that would diminish after devolution, when new figures could be collected.

The conceptual difficulties are in a different league. Many categories of government spending, like defence and the interest on government debt, benefit the country as a whole rather than a particular region. Defend the South-east and you defend the Welsh with the same expenditure. Others are concentrated on one region but have spillover benefits into other, such as road-building programmes. Then there are difficulties like assigning the existing stock of government debt between regions, and deciding on Scotland's rights to oil tax revenues.

The Treasury splits out general government spending that can be assigned to particular regions each financial year – that is central plus local authority spending. None of defence or overseas spending is "identified" by region, but large parts of housing, environmental, education, health and social service expenditure can be. Altogether, a regional split for nearly three-quarters of government spending is available.

Comparing these figures, the IFS finds that within the English regions, per capita spending is below average in the East and West Midlands, East Angles and South-west. Comparing the separate countries, spending is 16 per cent higher in Wales and 22 per cent higher in Scotland than the English average.

ECONOMIC VIEW
DIANE COYLE

The differences are accounted for by a mixture of the regional pattern of automatic spending such as social security, specific regional aid, local authority differences, and the special formula which raises expenditure in Wales and Scotland.

There are also big differences in the regional distribution of tax revenues. For example, the South-east accounts for a higher proportion of

income tax and national insurance. VAT business rates and petrol duty. It has higher earners and higher spenders than the average. But it has higher drinkers and smokers, so makes a

smaller contribution to tobacco and alcohol duty revenues.

Total tax receipts per capita from the South-east are 16 per cent higher than the national average. Scotland manages 83 per cent of the average. Wales only 88 per cent.

These differences do not matter at the moment, but they will become more explicit as devolution rises up the political agenda. According to the IFS calculations, to fund the existing pattern of spending, either regional tax rates would vary hugely or big explicit transfers through grants from central government would be required. As the tables show, a basic rate of regional income

tax could vary between 19 and 45 per cent. Transfers could range from a £250-a-head subsidy from South-easterners to a £635-a-head grant to the Welsh. Neither will be easy to sell politically.

The other obstacle to devolving economic policy is the need to keep control of the government spending total. This directs attention to a key economic question about devolution: why? In political terms, the answer is obvious. It is to gain more economic efficiency in taxation and spending, or it is to make economic policy decisions more democratic by giving higher priority to different regional preferences? There is already tension between these two functions, with the Government determined to cap local spending and the authorities keen to exercise their own choices.

The efficiency case rests on better information about needs being available to bureaucrats at the

regional or local level, and applies in the case of education or public libraries, for instance. Devolution could actually increase this efficiency by introducing more electoral control of these local decision-makers. This would clearly be superior to decision-making by quango, whose members have no efficiency incentives.

The Labour Party rests its arguments on the choice case, however. As deputy leader John Prescott put it: "The aim of decentralising power and regenerating our regions forms an integral part of our strategy for achieving a stake-holding society in Britain."

One of the questions the regional policy commission will therefore have to answer is how much choice regional bodies will be allowed to increase taxes and expenditure. It is hard to believe that they will get a *carte blanche* when Labour front-benchers are not allowed to say anything that might possibly hint at an extra spending commitment. And if so, the economic democracy argument looks a bit thin.

The IFS suggests that it might be possible to have the best of both worlds. A new regional tier of government could permit greater efficiency in the implementation of nationally set public spending policies, while local authorities would be allowed to raise a certain amount of extra taxation to finance extra spending. This is neat, but it is not devolution as we would recognise it. Facing up to the economic arguments will make the politics of devolution much harder.

* Financing Regional Government in Britain, Laura Blow, John Hall and Stephen Smith, IFS £7.50.

Table 1: Regional income tax

Region	Basic rate	Higher rate
North	30.0	48.1
Yorkshire & Humber	27.6	44.1
East of England	22.6	39.1
East Midlands	23.0	36.9
London & SE	43.2	30.6
South West	24.1	38.5
W Midlands	29.3	46.9
North West	27.9	44.7
Wales	45.1	72.1
Scotland	38.6	58.5

* Excluding social security and local authority spending. Source: IFS



Paying the price: A basic rate of regional income tax levied by Edinburgh or other centres could vary between 19 and 45 per cent

Table 2: Fiscal transfers

Region	Grant per capita £	% difference between grant and average grant
North	205	15.3
Yorkshire & Humber	135	8.5
East Midlands	-47	-9.0
East Angles	-30	-7.3
London & SE	-256	-29.1
South West	11	-3.4
W Midlands	175	12.4
North West	145	9.5
Wales	633	56.4
Scotland	460	39.8

* Excluding social security and local authority spending. Source: IFS

Foreign Exchange Rates

Country	Spot	1 month	3 months
US	1.584	9.7	25.22
Canada	2.085	11.3	30.37
Germany	2.286	50.45	57.47
France	17.013	131.11	388.08
Japan	162.07	79.74	225.22
ECU	12.81	5.11	45.40
Belgium	46.48	24.9	34.29
Denmark	67.72	139.85	411.37
Sweden	2.570	62.54	189.43
Italy	1.0708	9.5	25.20
Norway	18.85	16.64	329.23
Spain	16.76	36.48	107.34
Switzerland	1.016	9.15	23.34
Australia	1.8224	60.88	200.18
Hong Kong	1.0000	20.31	67.47
Malaysia	1.190	10.61	224.70
New Zealand	2.2248	43.57	133.16
Saudi Arabia	8.6944	0.0	0.0
Singapore	2.2407	0.0	0.0

Other Spot Rates

Country	Sterling	Dollar
Argentina	15966	10000
Australia	1.8224	10000
Brazil	2.570	10000
Canada	12.81	10000
China	12.81	10000
Egypt	5.11	10000
Finland	7.013	10000
Ghana	2.286	10000
India	162.07	10000
Kuwait	0.4545	10000

Forward rates quoted high to low are at a discount; rates quoted low to high are at a premium; * Dollar rates quoted in pence.

For the latest foreign exchange rates call 081 221 3033.

Calls cost 30p per minute (cheap rates) 40p other times.

Interest Rates

UK	Base	Discount	3 month	6 month	1 year
France	6.00%	5.00%	5.00%	5.00%	5.00%
Germany	3.00%	2.00%	2.00%	2.00%	2.00%
Italy	10.00%	9.00%	9.00%	9.00%	9.00%
Japan	5.00%	4.00%	4.00%	4.00%	4.00%
Netherlands	3.00%	2.00%	2.00%	2.00%	2.00%
Sweden	3.00%	2.00%	2.00%	2.00%	2.00%
Switzerland	3.00%	2.00%	2.00%	2.00%	2.00%
US	5.00%	4.00%	4.00%	4.00%	4.00%

Bond Yields

Country	Yield	Yield	Yield	Yield	Yield
UK	6.00%	7.47	8.14	8.07	8.07
France	5.14	6.03	6.14	6.25	6.25
Germany	4.14	1.84	3.14	3.21	3.21
Italy	10.14	8.14	8.14	8.14	8.14
Japan	5.14	5.14	5.14	5.14	5.14
Netherlands	3.14	3.14	3.14	3.14	3.14
Sweden	3.14	3.14	3.14	3.14	3.14
Switzerland	3.14	3.14	3.14	3.14	3.14
US	5.14	5.14	5.14	5.14	5.14

Yields calculated on local basis; new benchmark.

For the latest interest rates call 081 221 3033.

Calls cost 30p per minute (cheap rates) 40p other times.

Money Market Rates

Overnight	1 day	1 month	3 months	6 months	1 year
UK	4.14	5.14	5.14	5.14	5.14
France	5.14	5.14	5.14	5.14	5.14
Germany	4.14	4.14	4.14	4.14	4.14
Italy	10.14	10.14	10.14	10.14	10.14
Japan	5.14	5.14	5.14	5.14	5.14
Netherlands	3.14	3.14	3.14	3.14	3.14
Sweden	3.14	3.14	3.14	3.14	3.14
Switzerland	3.14	3.14	3.14	3.14	3.14
US	5.14	5.14	5.14	5.14	5.14

Tourist Rates

Country	Rate	Rate	Rate	Rate	Rate
UK	1.00	1.00	1.00	1.00	1.00
France	1.00	1.00	1.00	1.00	1.00
Germany	1.00	1.00	1.00	1.00	1.00
Italy	1.00	1.00	1.00	1.00	1.00
Japan	1.00	1.00	1.00	1.00	1.00
Netherlands	1.00	1.00	1.00	1.00	1.00
Sweden	1.00	1.00	1.00	1.00	1.00
Switzerland	1.00	1.00	1.00	1.00	1.00
US	1.00	1.00	1.00	1.00	1.00

For the latest tourist rates call 081 221 3033.

Calls cost 30p per minute (cheap rates) 40p other times.

Life Financial Futures

Japan Discount	0.50%
Belgium Discount	3.00%
Germany Discount	3.30%
Switzerland Discount	1.50%
Lombard	4.25%

HEBC Markets Research		
yield %	10y	yield %
508	6%	6.39
810	10.5%	6.84
1035	10.1%	10.81
3.55	6.7%	6.77
7.77	9%	8.42
6.25	7.1%	7.08

Contract	Long Oil
	Canadian Bond
	IG Bond
	Italian Bond
	3M Sterling
	3M Euro \$
	3M Euro mark

ECU
Euro SF5
FTSE 100
FTSE 250
Eurolira

Liffe FT
Settlement price
Series
Apr
May
Jun
Jul

8 Months	1 Year
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sport

What Clough and Stein knew from long experience was that given half a chance many footballers will take liberties

Central to Brian Clough's success in management was the wise understanding that footballers cannot always be trusted to put in a maximum effort. Play all the angles before they start playing you, was the root of Clough's philosophy.

This meant keeping his men in a state of nervousness, clamping down hard on their egos and delivering chilly reminders that they would be nothing without him.

A good story about Clough concerns the conversation he once had with an unsettled international when in charge at Nottingham Forest. Pointing out a clause in the player's contract, Clough said sarcastically, "If you were taught to read, it

should be clear that you're here for another two years. Now sod off."

Something similar occurred when the great Celtic manager, Jock Stein, was required to deal with a transfer request from the Scottish international full-back, Tommy Gemmill, that was clearly an attempt to secure better terms of employment. On the telephone to his chairman, Stein said, "Player Gemmill wants a move. I recommend it." Replacing the receiver, Stein spoke curtly to Gemmill. "Transfer granted," he said.

What Clough and Stein knew from long experience and always guarded against, was that given half a chance many footballers will take liberties.

Nobody should run away with the idea that a sure way of getting professionals in team games to act at or near their peak is to surround them with skill and good coaches and a good organisation that will pay them well for their trouble. If so, why do coaches feel it necessary to try every device imaginable, and some unimaginable, to stoke hotter and hotter fires in their players, believing that the only means of performance is to bang a drum loudly and constantly.

A truth about professional team sport, football especially, is that managers, in the main, are dealing with people who are naturally unreliable. What the public fail consistently to



KEN JONES

observe, commentators and correspondents too, is that disappointments can result as much from shortcomings in the attitude of players as errors in selection and strategy.

Last Sunday's Coca-Cola Cup final between Aston Villa and Leeds United at Wembley provided a good example. Whatever mistakes the Leeds manager, Howard Wilkinson, may have made in preparation, it was pretty obvious that a number of his players did not commit themselves fully. Wilkinson took the abuse from disgruntled Leeds supporters but as Carlton Palmer said about some of his team-mates, "Their lack of effort in a game as big as that was nothing short of disgraceful. I did not play well. But at least I competed. If you can come off and say that, fine. But I do not think there were many who could."

Sir Alf Ramsey's famous assertion that managers get too much credit and too much of the blame is lost on today's audience and is all too seldom considered by newspapers, radio and television. Thus, when Kevin Keegan questioned publicly the attitude shown by some of his players during last week's loss at Arsenal, it was seen as evidence of stress rather than valid criticism.

The irritating fashion of holding managers entirely accountable springs now given to players of even moderate ability and gaps in the education of today's audience. Cricket comes into it too. Before Raymond Illingworth resigned this

week as manager of England it was clear that he felt let down by certain members of the team.

Character, courage and similar qualities are shorthand for relentless determination, for being a tough competitor. Few character awards could be bestowed on England's cricketers in the recent World Cup or on the footballers who represented Leeds at Wembley.

Many team players today are so occupied by their small piece of the action, and so preoccupied with themselves and their futures, that they really have no conception of personal responsibility. How many feel the need to ask questions of themselves in a mirror?

SUPER LEAGUE: £87m new age of rugby league promises changes on the field as well as off it. Dave Hadfield looks ahead

Revolution threatens old guard

The posturing and politicking, mercifully and probably only temporarily, is over. The playing of Super League begins this weekend. Almost a year to the day from the historic decision to restructure the game in return for an eventual £87m from Rupert Murdoch's News Corporation, we will start to see whether it works.

Some of the changes that the revolution has ushered in were overdue. Clubs have long needed to operate more professionally and players should have had their workload reduced to one match per week years ago.

On other innovations, such as the switch to a summer season, the jury is not only still out, but deeply split. Too many clubs see it as an automatic answer to all the problems they have allowed to accumulate, so their enthusiasm must, in many cases, be taken with a large pinch of condiment.

More convincing is the fact that most players are all for it. All right, many of them have been handsomely paid to make the right noises, but there is a genuine feeling of anticipation, of looking forward to playing once a week, in decent conditions. They are, after all, the ones who will have to make it work.

That means that the standard of the competition, especially in the 12-team top division that carries the Super League logo, will be scrutinised as never before.

It is all very well to hang the drum about how great it is going to be, it is the players – largely the same ones that the public would not turn out to watch in sufficient numbers in the winter – who must deliver. Setting aside all quibbles about the methods and motivations behind it all, it is possible for these men at the cutting edge to make it all make sense.

It could even be argued that Super League has been fortunate in its timing. The most dominant side the code has seen, the Wigan team that has almost monopolised domestic honours for almost a decade, is showing signs of strain. It has al-

ways been something of a myth that everything at Wigan was so slick and professional. They certainly have been on the pitch, not always off it.

They have potentially ruinous problems in their financial and administrative affairs and are not looking too impressive in playing terms either. They were so poor in a friendly at Salford – their conquerors in the Challenge Cup two months ago – last weekend that their coach, Graeme West, has had to warn that heads, and senior heads at that, will roll. Very un-Wigan.

So the opportunity is there for another club to, at the very least, mount a serious challenge. The two teams best equipped to do that are the two Wembley finalists, St Helens and the Bradford Bulls, not just because they have shown their mettle on the way to the Challenge Cup final, but because both clubs are in the process of changing their culture.

At Bradford, that has meant getting rid of the over-reliance on "old heads". At Saints, it means losing the old conviction that flair on its own is enough, even though the evidence of the past 20 years is that it is not.

Brian Smith, at the Bulls, and Saints' Shaun McRae are making rapid progress, but the success they have achieved this season could get in the way. It will be fascinating to see how both sides cope with having their first five Super League matches before Wembley.

This is new territory. Under



On target: Castleford's Frano Botica rehearses for this weekend's Super League kick-off

Photograph: Simon Wilkinson

the old structure, sides' league fortunes were already largely determined by Cup final time, and there was an inevitable tendency for minds to wander. Now they are going to have to develop split personalities, concentrating on their main

business in Super League while also preparing for 27 April.

For a dark horse, look no further than Sheffield Eagles. During an inspired run in the second half of the last winter season, they beat every other team apart from Wigan. They

now have a depth in their squad that enables them to leave out fully fit players who would have been automatic choices on one leg not too long ago.

A real fight at the top of the table involving these clubs and possibly others – Leeds, if they

can sort themselves out, perhaps – will do more to sell Super League to the broader public (it must attract than any amount of packaging. That is not to say that the packaging is not important. Clubs are promising a full afternoon, or evening, of entertainment, and if they make a mess of it there will be no shortage of critics to mock the hopelessness of it all).

On the field, the packaging must not be allowed to obscure the qualities that the product already has. In the rush to speed and hype it up for a new audience, the game must not lose sight of the virtues that make it worthwhile in the first place.

There is a danger, in the direction that new rules and new presentation techniques are taking it, of reducing rugby league to fast food, when what people really want is substantial fare.

TEAM-BY-TEAM GUIDE

BRISTOL BULLS The Bulls have been the most successful team in the Super League since its inception. They have won the Challenge Cup and the Super League. They are a team of players who are used to playing in the top division of the game. They are a team that has a strong defence and a powerful attack. They are a team that has a strong leadership and a strong team spirit. They are a team that has a strong history and a strong reputation. They are a team that has a strong future and a strong potential.

CASTLEFORD Castleford have been a team that has been in the top division of the game for a long time. They have a strong defence and a powerful attack. They are a team that has a strong leadership and a strong team spirit. They are a team that has a strong history and a strong reputation. They are a team that has a strong future and a strong potential.

GLASGOW Glasgow have been a team that has been in the top division of the game for a long time. They have a strong defence and a powerful attack. They are a team that has a strong leadership and a strong team spirit. They are a team that has a strong history and a strong reputation. They are a team that has a strong future and a strong potential.

LEEDS Leeds have been a team that has been in the top division of the game for a long time. They have a strong defence and a powerful attack. They are a team that has a strong leadership and a strong team spirit. They are a team that has a strong history and a strong reputation. They are a team that has a strong future and a strong potential.

LONDON London have been a team that has been in the top division of the game for a long time. They have a strong defence and a powerful attack. They are a team that has a strong leadership and a strong team spirit. They are a team that has a strong history and a strong reputation. They are a team that has a strong future and a strong potential.

MANCHESTER Manchester have been a team that has been in the top division of the game for a long time. They have a strong defence and a powerful attack. They are a team that has a strong leadership and a strong team spirit. They are a team that has a strong history and a strong reputation. They are a team that has a strong future and a strong potential.

NOTTINGHAM Nottingham have been a team that has been in the top division of the game for a long time. They have a strong defence and a powerful attack. They are a team that has a strong leadership and a strong team spirit. They are a team that has a strong history and a strong reputation. They are a team that has a strong future and a strong potential.

ST. HELENS St. Helens have been a team that has been in the top division of the game for a long time. They have a strong defence and a powerful attack. They are a team that has a strong leadership and a strong team spirit. They are a team that has a strong history and a strong reputation. They are a team that has a strong future and a strong potential.

WARRINGTON Warrington have been a team that has been in the top division of the game for a long time. They have a strong defence and a powerful attack. They are a team that has a strong leadership and a strong team spirit. They are a team that has a strong history and a strong reputation. They are a team that has a strong future and a strong potential.

WIDNES Widnes have been a team that has been in the top division of the game for a long time. They have a strong defence and a powerful attack. They are a team that has a strong leadership and a strong team spirit. They are a team that has a strong history and a strong reputation. They are a team that has a strong future and a strong potential.

WIGAN Wigan have been a team that has been in the top division of the game for a long time. They have a strong defence and a powerful attack. They are a team that has a strong leadership and a strong team spirit. They are a team that has a strong history and a strong reputation. They are a team that has a strong future and a strong potential.

Indians preparing to mount an invasion

Shortly after 6pm Pacific time on Sunday evening, one of the most frightening practitioners of any sport will tuck a stray loose end of tank grey hair under his cap. He will then glare balefully at his opponent before coiling his gangling 6ft 10in frame into a human catapult and pitching a small white ball at the hitter 60 feet away, at a speed of 90 miles an hour or more. Randy Johnson will be back at work for the Seattle Mariners, and the 1996 Major League Baseball season will be up and running.

Forget the March solstice, daffodils and the rest; the real proof of a North American spring is Opening Day – and never more so than this year, banishing at last one of the hardest winters in decades. The Boys of Summer are back and, it would seem, in relatively good humour. True, players and owners still have not reached a new contract agreement. But the 1994/95 strike is a receding nightmare. Don Fehr, the chief players' union negotiator whose curled-lip sneer was the trademark of the longest and costliest professional sports dispute in history, is nowhere to be seen. What will

Rupert Cornwell, in Washington, cannot wait for Sunday, Opening Day of the 1996 major league baseball season

happen on the field, not off it, commands the headlines, as the game readies for its first full length season since 1993. Not before time baseball is back to normal – or almost.

A few of the game's titans have departed since the Atlanta Braves took the 1995 World Series last October by defeating the Cleveland Indians. Aged 44 and a grandfather, the venerable Dave Winfield has at last retired, after 23 seasons and career totals of 3,110 hits (19th in the all-time list) and 465 home runs (14th all-time). Gone, too, is the New York Yankees' graceful first baseman, Don Mattingly (though at 34, he does not rule out a comeback) as well as Sparky Anderson, the third on history's win list among major league managers after 26 seasons in charge of the Cincinnati Reds and the Detroit Tigers. And the lords of baseball have also tinkered slightly with the rules, lowering the strike zone slightly in the hope of producing quicker outs and shorter games. But the rest, looks only too familiar. Atlanta and Cleveland were

far and away the best of 1995, and they may very well be the strongest of 1996. In the National League, no team – even the New York Mets with their current crop of promising youngsters – has pitching to rival the Braves and their starting rotation of Greg Maddux, Tom Glavine, Steve Avery and John Smoltz. Atlanta's hitting can be uninspiring, but it would be a sensation if they failed to win the NL East.

In the NL Central, Cincinnati looks the best bet, though the new manager, Tony La Russa, could turn the long-languishing St. Louis Cardinals into divisional contenders. Even with Ryne Sandberg back at second base after a brief retirement, the Chicago Cubs are unlikely to escape their appointed role as baseball's most lovable losers. In fact, the most likely post-season challengers to Atlanta comes from out west, in the shape of the Los Angeles Dodgers, built around a solid pitching staff led by the Japanese sensation Hideo Nomo (of the whirling dervish throwing style) and the prodigiously

talented young hitter and catcher Mike Piazza.

In the American League too, but one question is asked: can anyone stop Cleveland? One hundred-game winners in the strike-shortened 1995 season, the Indians are arguably even better now, having added Jack McDowell to an already imposing pitching rotation, and enlisted Julio Franco to provide still more muscle for the most pulsing hitting line-up in the game.

The Indians face no threat from their own AL Central Division, and the West looks no more promising. The California Angels, traded from Gene Autry to Walt Disney but still based in Anaheim, south of LA, are on paper the toughest line-up, after the ground lost by Seattle over the close season. The left-handed Johnson still causes mayhem, but first baseman Tino Martinez has gone to the Yankees and Mariner fans must wonder whether Ken Griffey Jr., their club's other resident superstar, will be quite the force of recent seasons.

Indeed the real threat to the Indians lies in the AL East, arguably the most competitive division in the major leagues. New York, Baltimore and Boston all have a shot – the Orioles and Yankees indeed have waged a multi-million dollar pay-roll war, which has brought Toronto's All-Star second baseman Robbie Alomar to Baltimore, and Martinez and the Texas Rangers' pitcher, Kenny Rogers, to New York. Probably the Yankees have come out narrowly ahead. Baseball's most tried adage is that ultimately great pitching beats great hitting, and for all their power in the second department, both the Orioles and the Red Sox are suspect in the first.

And the post-season? With the insolence of six-month foresight, and in blithe dismissal of the vagaries of form that will undoubtedly occur, I predict Championship Series between New York and Cleveland in the American League, and Atlanta and Los Angeles in the National League. And, to paraphrase Oscar night, the winners will be... the Indians and the Dodgers, with Cleveland prevailing at the end to clinch its first World Championship since 1948.

Wembley prices far too high

From L. Calvert
Sir: Too right, Glenn Moore (Fans snub Wembley evening, 26 March). It's about time more was written and spoken about the prices at Wembley for international games. I'm sick of hearing commentators criticise football fans for not "supporting" England.

My son has never been to an international game at Wembley because we can't afford to buy a seat that is not level with the turf with a view of the footballers studs and little else.

Apart from the extortionate prices of the tickets – what about the booking fees that Wembley Box Office charges? How many other organisations charge you a booking fee when you ring their direct?

My son has been to see his local team, Luton Town, a number of times now. Many of his visits have been free because of Luton's policy of circulating local schools with concessionary tickets.

Why pay all that money to see a probable lousy performance anyway? We'd rather spend the money on a couple of videos of Brazil or Italy.

Yours sincerely
LENA CALVERT
Luton, Bedfordshire

SPORTS LETTERS

Fans marginalised

From Mr I. Muter
Sir: Can I warmly congratulate Guy Hodgson for his excellent article "Football fans count cost of rising prices" (18 March).

I believe it raised a number of important points regarding whether or not our national game, football, can sustain itself economically in the long term. More and more traditional fans are being priced out of the game they love.

Many people in my area now feel economically marginalised by Middlesbrough's current all season ticket policy for League games.

Football should start listening more to the supporters who invest thousands of pounds every year, to devise sensible pricing policies that aim not to lock out many fans on lower incomes. If it does not do this, the bubble may burst, and immeasurable damage to our national game may occur.

I fear,
Yours faithfully,
IAN MUTER
Campaign for Non Season Tickets
Cleveland
26 March

Victory over prejudice

From Mr N. Kerner
Sir: Those who laud the importance of the three-day game and Test cricket usually underplay the importance of the one-day game. The World Cup proved beyond doubt that the short duration game fizzes with excitement and skill.

It showed cricketing prowess at the highest level and revealed that the one-day game is the most demanding for all aspects of cricket. Most important of all, it provides a greater test than the long duration versions.

Cricket instinct defines cricketing skills, and the time demands made by the short duration game test this instinct more thoroughly than the games of longer duration. Mistakes are less recoverable, and decisions and choices in the heat of the situation, more crucial.

By winning, the Sri Lankans have hit at the root of cricketing prejudice and ignorance. Yours
NIGEL KERNER
Northamptonshire

Letters should be marked "For publication" and should contain daytime and evening phone numbers. They should be sent to Sports Editor, The Independent, 1 Canada Square, London E14 5DL. They may be shortened for reasons of space.

Shearer's strain 'not a problem'

Football
RUPERT METCALF

Reports that their prolific centre-forward, Alan Shearer, will miss the rest of the season have been dismissed as alarmist nonsense by Blackburn Rovers.

It has been rumoured that the England striker has a hernia condition - but the Wood Park club insist that Shearer may be available for Saturday's FA Carling Premiership home game against Everton. He was ruled out of last night's international friendly against Bulgaria with a groin strain.

Tony Parkes, Rovers' assistant manager, said: "The fact is that Alan has got a bit of a groin strain, which he has had for a week or two and he has felt a little sore after games. We certainly don't see it as a long-term problem and at this moment he is very much in the picture for Saturday."

Predictably, Blackburn were among the clubs doing business yesterday before this afternoon's transfer deadline. Rovers have set up a £1.3m move for Grimsby's 22-year-old defender Gary Croft, who can play in central defence or at left-back. The Blackburn manager, Ray Hirst, has been trailing the player since last summer, when he was in charge of the England Under-21 side at the Toulon tournament, where Croft was a member of his squad.

One of the few deals that was completed yesterday saw Charlton Athletic sign Queen's Park Rangers' former England Under-21 international striker, Bradley Allen, for £400,000. "I have had seven good years at QPR, but things have petered out just recently," Allen, now 24, said. "I feel I can do the business and I am looking forward to helping the club bid for the Premiership." The Loftus Road outfit have also completed the sale of the Australian international defender, Ned Zelic, to Eintracht Frankfurt for £750,000.

Bolton Wanderers have signed the Millwall striker, Scott Taylor. The Premiership strugglers have agreed an initial fee of £150,000 for the 19-year-old, who cost the Lions £15,000 from Staines Town a year ago. The Bolton Park club are also set to complete the £400,000 transfer of Bradford City's goalkeeper, Gavin Ward. Everton are ready to raise their bid for Celtic's Scottish

international midfielder John Collins to over £2m, while Paul Peschisolidi may be on his way back to Birmingham from Stoke for a fee of £750,000 plus the left-back, John Frain.

The former Manchester City striker Carl Griffiths is expected to join Peterborough from Portsmouth for £200,000, while the Luton right-back, Des Linton, is also on his way to Peterborough for £150,000. Having turned down Portsmouth, the veteran Middlesbrough striker Paul Wilkinson is joining Luton on loan. Preston have paid a club record £200,000 for Tranmere's 32-year-old former Wrexham striker, Gary Bennett.

The temperamental Newcastle United striker, Faustino Asprilla, has been disciplined by Colombia after reporting late to the team's headquarters for tonight's international with Bolivia. Asprilla claimed personal problems had delayed his arrival in Medellin, but the team coach, Juan Carlos Gomez, was not in a forgiving mood.

Asprilla arrived nine hours later than expected, after a Colombian television station alleged that he had been seen drinking with a group of friends in the small town of Manizales. A furious Gomez said: "Asprilla's attitude is very bad and shows a lack of discipline. I cannot allow him to behave like this. He cannot play tricks with us. We are the national team."

Asprilla, who was initially dropped from the team but then reinstated, replied: "I am very upset. I had some problems with the family to sort out." Newcastle are not to action until next Wednesday, when they play at Liverpool.

Manchester United have lost their appeal to the Football Association over an illegal approach to the former Oldham Athletic schoolboy, David Brown. Yesterday's decision by an FA commission means the £200,000 fine imposed at the original hearing in January stands, with the club facing costs from both that case and the appeal. United have been given 14 days to pay both the fine and costs.

Brown has been allowed to remain at United, who next week will learn from a Football League appeals committee the amount of compensation they must pay to Oldham. The 17-year-old Bolton-born player is the leading scorer in United's B team with 13 goals, as they pursue the Lancashire League Second Division title.

Lakers triumph as Orlando finally lose their magic



Orlando Magic's Shaquille O'Neal tries in vain to shut out Magic Johnson, the LA Lakers' forward. In winning the game 113-91, the Lakers inflicted Orlando's first home defeat in a year and ended their 40-game winning run.

Photograph: Kevin Kolczynski/Reuters

Yugoslav relaunch relies on Stojkovic

International round-up
RUPERT METCALF

After enduring four years in exile, Yugoslavia are determined to regain their status as one of Europe's elite nations. Banished from competitive football since the 1992 European Championship, the Yugoslavs are building a formidable side as they prepare for their return to serious action in the 1998 World Cup qualifiers.

In front of a fanatical 35,000 crowd at Belgrade's Red Star stadium yesterday, Yugoslavia earned a 1-0 friendly win over Romania. The home side's captain, Dragan Stojkovic, once of Red Star and Marseille but now with Grampian Eight in Japan, scored the winner from a 52nd-minute free-kick.

Yugoslavia, who can now call on players from just Serbia and Montenegro, had summoned almost all the top players home from their clubs around the world, including Prerog Mijatovic of Valencia, Vladimir Jugovic of Juventus and Aston Villa's Wembley hero, Savo Milosevic. Milan's Dejan Stokovic pulled out with a leg injury sustained in training yesterday morning, and his place was taken by Bolton's Sasa Curcic.

Euro 96 qualifiers Portugal failed to impress in a laboured 1-0 win over Greece in Lisbon. They had to rely on an 87th-minute penalty from Oceano to beat the Greeks. The Portuguese coach, Antonio Oliveira, chose to try out some fringe players, including regulars like Barcelona's Luis Figo and Juventus' Paulo Sousa in this match. Oceano was conceded when Oceano was tripped by Zisis Vrizas, who is currently with Sheffield United.

In Kuala Lumpur, Saudi Arabia beat their former Gulf War adversaries, Iraq, 1-0 in sudden-death extra time yesterday to secure the third and last Asian place at this year's Olympic football tournament.

Saudi Arabia join Japan and South Korea from Asia to become the 11th team to qualify for the 16-team tournament. Brazil, Argentina, Ghana, Tunisia, Nigeria, France, Hungary and the hosts, the United States, have already secured their places in Atlanta.

The Saudi substitute, Hussain Rashid, headed the winner in the seventh minute of extra time. Japan and South Korea qualified by winning the semi-finals of the Asian qualifying tournament on Sunday. South Korea beat Japan 2-1 in yesterday's final.

Allcock pulls off coup at last

Bowls

Tony Allcock, the defending champion, played one of his "best-ever pressure bowls" to snatch a superb 25-24 win over his main rival, Noel Kennedy of Hong Kong, at the World Championships in Adelaide yesterday.

The scores were locked at 24-24 when Kennedy drove the jack into the ditch with his penultimate delivery, his touch-

er coming to rest a couple of feet from the target.

Allcock then produced an incredible last bowl, drawing to the brink of the ditch on the lightning-fast green to shoot. When Kennedy's last despairing effort to remove it missed, Allcock performed a dance of delight.

It climaxed an excellent comeback from the Cheltenham man, who had recovered from 24-15 down to level at 24-24 going into the decider.

IBF told to strip Botha of title

Boxing

The International Boxing Federation has been ordered by a New Jersey federal court to strip its heavyweight champion, Francois Botha, of his title.

Germany's Axel Schulz and his promoters filed the lawsuit, claiming the South African should lose his title because after he beat Schulz for the vacant crown in December, he tested positive for steroids.

An American district judge yesterday ruled that the IBF's failure to remove the champion after he admitted using steroids was an "egregious" violation of their own rules.

Lawyers for the IBF and Botha, who is being held up against the ruling, but if their efforts prove unsuccessful, Schulz looks likely to meet Michael Moorer for the vacant title.

RACING RESULTS

CATERICK	CHEPSTOW
2.20: 1. LARRY CARROLL (L) 11-10; 2. MONTAGUE 11-1; 3. GAVIN 11-10; 4. 9. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100. 101. 102. 103. 104. 105. 106. 107. 108. 109. 110. 111. 112. 113. 114. 115. 116. 117. 118. 119. 120. 121. 122. 123. 124. 125. 126. 127. 128. 129. 130. 131. 132. 133. 134. 135. 136. 137. 138. 139. 140. 141. 142. 143. 144. 145. 146. 147. 148. 149. 150. 151. 152. 153. 154. 155. 156. 157. 158. 159. 160. 161. 162. 163. 164. 165. 166. 167. 168. 169. 170. 171. 172. 173. 174. 175. 176. 177. 178. 179. 180. 181. 182. 183. 184. 185. 186. 187. 188. 189. 190. 191. 192. 193. 194. 195. 196. 197. 198. 199. 200. 201. 202. 203. 204. 205. 206. 207. 208. 209. 210. 211. 212. 213. 214. 215. 216. 217. 218. 219. 220. 221. 222. 223. 224. 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Leeds go back to drawing board

Football
ADAM SZRETER

Leeds began the task of picking up the pieces of their shattered season when they reported back to Elland Road yesterday.

Their manager, Howard Wilkinson, boosted by his own supporters after the 3-0 Coca-Cola Cup final defeat against Aston Villa on Sunday, faced up to the task of lifting morale for the rest of the team.

He said: "It will take a while for the hurt inside me to subside but the remaining nine games have to be used in the best interests of Leeds United. That means picking up as many points as possible and finishing as high up the table as we can."

Wilkinson's task will not be easy. Tomas Brodin's agent is actively trying to find the unhappy Swedish World Cup striker another club, while Carlton Palmer's outburst against some of his teammates after Sunday's defeat suggests a rift that will be hard to heal.

Wilkinson refused to comment on his own future, despite assurances from his chairman, Leslie Silver, and the managing director, Bill Fotherby, that he is not facing the sack. "I will have my say in due course," he said.

Much could depend on the Leeds crowd's reaction during Saturday's home game against Middlesbrough.

The Rangers manager, Walter Smith, could be poised to add a third Danish player to his Ibrox staff. The striker Mikkel Beck is set to join the Scottish champions, according to recent reports. Beck, who currently plays for Fortuna Cologne in Germany's Second Division, will move to Rangers in a £1.3m deal, according to Danish newspaper reports.

The 22-year-old would join fellow countrymen Brian Laudrup and striker Erik Bo Andersen at Ibrox. Andersen was a recent £1.5m recruit from Aalborg and scored twice in his home debut in a 3-2 win over Falkirk last Saturday.

On Monday, Beck scored once and helped set up two other goals in eight minutes as Fortuna Cologne defeated Carl Zeiss Jena 6-0 in the German Second Division.

Smith is reported to have watched that game and also saw Denmark in action against Germany in the friendly in Munich last night.

Beck's adviser, Kurt Behrens, said yesterday that there is also interest from Hamburg and a top Spanish club, but that the striker wants to go to Glasgow if personal terms can be sorted out.

"Mikkel kind of likes the idea of going to Scotland and joining up with Brian and Erik Bo at Rangers," Behrens said.

"I do not know the position of talks between Rangers and his club, but everyone is telling me it is very positive."

"As for between Mikkel and Rangers, there are a few things to be sorted out but it may not take too long."

So many clubs will be contesting next season's UEFA Cup that two preliminary rounds are planned to accommodate them all.

A spokesman for the governing body of the game in Europe, Salvatore Cucon, said yesterday that about 117 clubs were expected to enter this year's competition. The draw for the first preliminary round will involve clubs whose federations have been the least successful in Europe over the past five years. It will be staged in Geneva on 6 July and those matches will be played over two legs on 17 and 24 July.

The draw for the second preliminary round will then be made on 26 July along with the preliminary-round draws for the Cup-Winners' Cup and European Cup.

More football, page 29

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More football, page 29



Show of strength: Andre Agassi, who struggled in his first two matches, finally found his rhythm in powering his way to a straight-sets victory over Sebastian Larsson, of Canada, in their fourth-round match at the Lipton Championships in Key Biscayne, Florida

Maradona prepares for a fight

Diego Maradona's "hand of God" will need more divine inspiration when the Argentinean goes into the ring with the former world flyweight champion, Santos Laciar, next month.

A newspaper in Buenos Aires has reported that the Maradona will fight Laciar in a three-round exhibition contest in Cordoba on 3 April.

For the first two rounds, both men will wear head protection which will be discarded in the final round.

During his preparations for the 1994 World Cup finals - from which he was expelled for drug-taking - Maradona often boxed against retired fighters in a Buenos Aires gymnasium, and while playing for Napoli in the 1980s he also fought against junior light-middleweight champion Patrizio Oliva in an exhibition.

Maradona, 35, is playing for the Argentinean club Boca Juniors, but has agreed to the fight as part of the celebrations to mark the 15th anniversary of

Laciar winning the world title against South Africa's Peter Mathebula in Johannesburg.

A referee was beaten and knocked out in a dressing room incident after awarding a controversial penalty in a Russian Premier League match between Dynamo Moscow and Spartak Vladikavkaz, a Russian newspaper reported yesterday.

A spokesman for the Russian League said an incident had occurred involving the referee after Sunday's match and would

be discussed by a disciplinary committee on 2 April.

The spokesman declined to give any details and officials alleged to have been involved in the incident could not be reached for comment.

The *Sports Express* daily said the referee, Yuri Chebotaryov, was bundled into Dynamo's dressing-room by a club official after the match, which had ended in a 1-1 draw. He was then insulted, threatened by the official and knocked down by an

unidentified person, the newspaper said, adding Chebotaryov lost consciousness for a time.

"I was lying on the floor for some time," the paper quoted Chebotaryov as saying, adding that the official again threatened him after he was knocked down. Officials at Dynamo could not be reached for comment.

Chebotaryov had awarded league leaders Spartak a penalty in the 45th minute for shirt-pulling which allowed Spartak to earn a point in the 1-1 draw.

Lomu's happy return to Hong Kong Sevens

Rugby Union

Jonah Lomu will try to mix romance with rugby during the three-day Hong Kong Sevens that starts tomorrow. Lomu's new bride, Tanya Rutter, who married the giant New Zealand winger in secret 10 days ago - much to the annoyance of his mother - is scheduled to fly in to Hong Kong in time to see New Zealand bid for their third successive title.

Lomu has been shielded by the team's management since he arrived on Saturday and he has not spoken about his tearful television appearance when he admitted he was scared his parents would have tried to stop him marrying the teenager he met during last year's World Cup in South Africa.

But the 6ft 4in, 18st Lomu said the pressure would not stand in the way of his Hong Kong Sevens performance. "I thrive on pressure - I am here to enjoy the tournament and play to the best of my ability," he said.



Lomu: Romance and rugby

boost before the World Cup Sevens in Hong Kong next March.

Their main rivals should again be Fiji, whose natural flair for seven-a-side rugby has won them a record seven titles at the Hong Kong Sevens. They are seeded to meet in a repeat of last year's final, won 35-17 by New Zealand with Lomu scoring two superb individual tries.

England, Scotland, Ireland, Wales and France have entered teams and England, drawn in the same qualifying group as Scotland, are preparing for a tough encounter with a team featuring their Five Nations captain, Rob Woodward, stand-off Gregor Townsend and the wingers Michael Dods and Craig Joiner.

For the first time, the tournament will be held over three days, with the teams split into six groups of four for the qualifying matches on Friday and Saturday.

The six group winners will be joined in the quarter-finals by the two second-placed teams with the best records.

With haircuts like this, the football had to be good.

RAC

THE INDEPENDENT CROSSWORD

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CHARLES WELLS BOMBARDIER

No. 2946, Thursday 26 March By Sparius Wednesday's Solution

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29

ACROSS

1 Split involves Rector having to give sermon (6)

4 Philosopher out of step in modern times (5, 3)

10 Embarrassed about contraceptive in garden (9)

11 Title must be correct (5)

12 Most presenting extreme difficulty, too troublesome to go round (7)

13 Fish defined in book supplied by university in Derby, possibly (7)

14 Some take more than usual interest in his drawing (5)

15 Tramp making you very tired? (8)

18 Disease producing horribly foul scar (8)

20 Underwent physical change around zero Fahrenheit (5)

23 Pastor guilty of negligence, (7)

25 Member holding canvas of *The Fighting Temeraire*? (7)

26 Sound feature that's about almost the ultimate in radio (5)

27 Mock handicap student concealed (9)

28 Divinity ascribed to old lump of wood in the yard? (8)

29 Fare which was lower after introduction of service in Spring? (6)

DOWN

1 Term for easy opponent, offensive in the past (8)

WEDNESDAY'S SOLUTION

1. TITANIC 2. GARDEN 3. RAC 4. LOST 5. FIVE 6. SIX 7. SEVEN 8. EIGHT 9. NINE 10. TEN 11. ELEVEN 12. TWELVE 13. THIRTEEN 14. FOURTEEN 15. FIFTEEN 16. SIXTEEN 17. SEVENTEEN 18. EIGHTEEN 19. NINETEEN 20. TWENTY 21. THIRTY 22. FORTY 23. FIFTY 24. SIXTY 25. SEVENTY 26. EIGHTY 27. NINETY 28. ONE 29. TWO

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Hizbollah suicide bomber kills Israeli officer

ROBERT FISK
Beirut
PATRICK COCKBURN
Jerusalem

The danger of an Israeli assault on southern Lebanon increased dramatically last night after a lone Hizbollah suicide bomber attacked Israeli occupation troops in the south of the country, killing an officer and wounding seven other soldiers. The attack, in which the Hizbollah man walked up to an Israeli motorcade in the village of Taibe and detonated explosives strapped to his waist,

came only hours after the US ambassador to Israel urged the Prime Minister, Shimon Peres, not to strike into Lebanon.

According to Israeli press reports, Martin Indyk, the US ambassador, telephoned Mr Peres and asked for restraint while America asked the Syrian president Hafez al-Assad to restrain Hizbollah. Syria reportedly promised to calm the area, while denying that it controlled Hizbollah actions.

One report from Taibe last night said that Major General

Amiram Levin, the Israeli army's northern commander, may have been wounded in the ambush, although there was no confirmation of this from Israel. The officers were driving in four cars – two military and two civilian – when the Hizbollah man struck. In retaliation, Israeli howitzers, artillery, tanks and helicopter gunships shelled Lebanese villages north of the occupied area.

In Beirut, a Hizbollah spokesman made it clear that the assault had been in revenge for the "anti-terrorism" summit in

Egypt last week at which Mr Peres blamed Iran for the Hamas suicide bombings which killed 58 civilians in Israel. "In response to the Sharm el-Sheikh summit and to those who sleep on the doorsteps of the White House," – an apparent reference to the PLO leader Yasser Arafat – "a mujahed (holy fighter) attacked an enemy convoy today," the spokesman said over the Hizbollah's Voice of the Oppressed radio station.

While Iran has repeatedly said that it does not condone attacks on civilians, it has made

no secret of its financial support for the Hizbollah.

Rafiq Hariri, the Lebanese prime minister, had pleaded only a day before the suicide attack for Lebanon to spare any Israeli reprisals for the Hamas bombings, condemning bellicose statements against Israel emerging from the Palestinian refugee camps as "unacceptable". At one point, he mentioned a television videotape of Palestinian children supposedly training in Sidon to be "human bombs" in preparation for suicide attacks.

"We oppose such childish actions and denounce this kind of behaviour," Mr Hariri said. "Palestinians are visitors [sic] here and they should behave accordingly... In future, we will respond with measures that protect Lebanon's interests."

The fact is, however, that the Hizbollah are a Lebanese guerrilla group, supported – if sometimes half-heartedly – by the Lebanese authorities and assisted by the Syrians, whose 20,000 troops in Lebanon symbolise the control that Damascus exercises over the country.

It was the first Hizbollah suicide bombing this year, but is unlikely to be the last.

Israel faces a dilemma in responding to Hizbollah attacks. It would like to punish the Lebanese guerrillas, but does not want to suffer further casualties. It also suspects that Hizbollah will have dispersed in expectation of reprisals. Mr Peres said: "We do not usually launch operations when there is an air of expectancy." He admitted that he had not authorised a strike last week because President Clinton was in Israel.

At the same time Mr Peres, who faces an election on 29 May, does not want to appear weak in the face of continuing Israeli casualties in Lebanon.

The guerrillas recently changed their tactics, according to Israeli sources. They say that Hizbollah started operating two or three well-trained companies inside the Israeli-controlled zone operating close to the Israeli border. In a series of carefully planned and successful actions they have killed 6 and wounded almost 30 Israeli soldiers in three weeks.

As Afghanistan's conflict goes on, a young boy becomes its latest victim. Tim McGirk reports



Years of rage: Ghulam Sadiq, 12, who stepped on a mine while collecting wood, lies in hospital in Kabul attended by his distraught mother, Asifa. Photograph: Tom Pilsner

Crippling legacy of interminable civil war

Kabul – Ghulam Sadiq, 12, had gone without even a piece of naanbread for a day and a half when he left his mud-walled home in the cliffs above Kabul and went in search of firewood for his family.

Running along the sewage-filled ravine, Ghulam passed the cemetery, where many of his neighbours and relatives lie buried, killed by stray rockets during Afghanistan's interminable civil war. Silver tinsel wreathed their muddy, fresh graves.

Further down the hillside, friends of Ghulam who were carrying buckets of water from the well watched him amble across the stone bridge ("Built by the English," Afghans say proudly). There, on the opposite bank of the Kabul river, beside the zoo where most of the animals have died of hunger or been eaten by the ragged mujahedin fighters, stood several gaunt trees maimed by shrapnel. It was there that Ghulam sought to find some branches that would bring a few minutes of warmth for his family.

But the boy stepped on a buried mine. It was not a big mine, not big enough to kill him outright. Instead, the mine blew off Ghulam's foot just below the shin, and it sprayed shrapnel up

his chest and into his head, blinding him in one eye.

The thudding boom of a mine exploding is a sound that everybody in Kabul knows and dreads. Foreign sappers have discovered 52 minefields in and around Kabul. Every changing tide of battle between the rival mujahedin factions has left another minefield in its wake. After one big skirmish a year ago, in which President Burhanuddin Rabbani's government

forced chased out a rebel faction in the southern flatlands of Kabul, more than 500 people who returned to the neighbourhood stepped on mines. Nearly all were civilians. Most were women and children.

The explosion brought a militia commander, Said Mahmud, running over to the howling, bleeding boy. Plenty of children die from mines in Kabul, but this commander, a strapping man in his twenties with a beard, decided it wasn't going to happen to Ghulam. The militiaman picked up Ghulam and carried him out into the road where he halted a taxi. For

carrying the injured boy to hospital, the taxi driver demanded 20,000 Afghanis (£3), or three-quarters of his militiaman's monthly wages. Said paid up. The hospital had no blood for Ghulam. With so many daily casualties, coupled with an Afghan superstition that giving blood saps a man's strength and virility, few Kabul hospitals have enough blood stocks for even routine operations. "By Allah, I'll give all my blood to save

fering donors a 140kg sack of coal.

Ghulam was moved to the Indira Gandhi children's hospital. Cold as a morgue and without electricity, the hospital at least had a few bandages for the boy's severed leg and his eye. Ghulam was given painkillers and put in an unlit room with other injured children. His voice was hardly a whisper, like the hissing of a punctured tyre in the darkness. "Please turn me over.

It hurts so much. I'm going to die," Ghulam wheezed. An orderly in a dirty smock bent over Ghulam. "Tell us where you live. We'll fetch your parents," he insisted. Ghulam winced. "I'm not going to say where they are until you turn me over. Please." The boy begged desperately. The hospital had run out of antibiotics, so a contribution was taken up and somebody dispatched to a chemist for penicillin. The boy was not only torn by shrapnel but also by dirt and stones blasted deep into his wounds.

Back in the boy's neighbourhood, word had spread fast that Ghulam had stepped on a mine. Someone at the well had raced up to tell his mother, Asifa. Shocked, she sat by the door, fearing the worst. Ghulam was the family's second casualty. Another son had been injured in a mortar attack on Kabul, a barrage so intense the family had been forced to flee their home.

Donning a turquoise burqa like a sheet that hid her face and entire body, Asifa hastened to the hospital. She wept under her burqa. "He'd had no lunch and dinner since yesterday, and when I offered him some bread this morning, he said, 'No thanks, Mum. I'm full.' I tried to get him to take one kiss from his brother, but Ghulam just went rushing off."

At her son's bedside, Asifa lifted aside her burqa and caressed and soothed her son. After she saw to it that he was taken to a room with a few rays of pale winter sunlight, she drew the burqa back over herself and, cocooned in her grief, slumped down in the hospital corridor like a pile of dirty laundry. "Somebody here in the hospital has stolen his money," Asifa cried out to nobody in particular. "He had 7,000 Afghanis (about 75p) this morning, and now there's only 1,000 left."

Islamic Jihad 'betrayed by Mossad spy'

PATRICK COCKBURN
Jerusalem

Did Israeli intelligence have an agent in Syria who supplied details of the travel plans of Fathi Shkaki, the leader of Islamic Jihad, enabling Mossad agents to shoot him dead in Malta last October?

The Israeli press has been considering a story in a US news magazine about how Mossad had recruited a Palestinian student in Bulgaria four years ago. He allegedly joined Islamic Jihad, whose leadership is based in Damascus, and became a friend of Shkaki. He gave details of the timing of Shkaki's last trip and the false name on his Libyan passport.

The student was supposedly controlled by a second Mossad agent, a businessman who lived in Cyprus but visited Syria regularly. Both were captured after the assassination.

The article in *US News and World Report* says the incident influenced Hafez al-Assad, the President of Syria, in his decision not to attend the summit of peacekeepers in Sharm el-Sheikh last week.

There are a number of flaws in the story. Despite the fact he must have known Mossad was looking for him, Shkaki made little effort to conceal his whereabouts. He had just come from Libya, closely watched by all intelligence services, and he had just checked into a hotel in Malta where he had stayed before. He had gone shopping when he was killed.

The death of Shkaki was rapidly forgotten in Israel because Yitzhak Rabin, the Prime Minister, was himself killed by an assassin in the following month. But in retrospect it may have started the train of events which ended when the first of four suicide bombs, which killed

62 people, exploded on 25 February. Three of the bombs were claimed by Hamas, but the fourth in Tel Aviv was the work of Islamic Jihad.

The assassination of Shkaki – and Yahyah Ayyash, the chief Hamas bombmaker, in January – is relevant because the Israeli response to the suicide bombs is still unclear.

A new head of Mossad, Brigadier General Dani Yatom, has been appointed and his identity for the first time revealed. He will be responsible for pursuing Hamas and Islamic Jihad leaders abroad.

If there is a fresh round of assassinations the militant Islamic groups will respond with more suicide bombs. Advisers to Shimon Peres, the Prime Minister, are already gloomy about their chances of winning the election on 29 May. Another suicide bomb would probably end all hopes.

At the same time Mr Peres wants to look and sound tough. In cabinet last Sunday he called for the deportation of Hamas members and their families. For the first time he attacked Yasser Arafat, the chairman of the Palestine Liberation Organisation, for not pursuing Hamas wholeheartedly.

But posing as "Mr Security" is not a role in which Mr Peres, the architect of the Oslo accords between Israel and the Palestinians, is comfortable. It also has electoral dangers of its own. By closing down an Islamic charity in Nazareth he has angered Israeli Arab leaders. This is serious because the election may hinge on how many Israeli Arabs vote for Mr Peres.

The assassinations of Shkaki and Ayyash gave a flip to the government's popularity. But the lesson of the past month is that the elimination of leaders does not stop suicide bombers.

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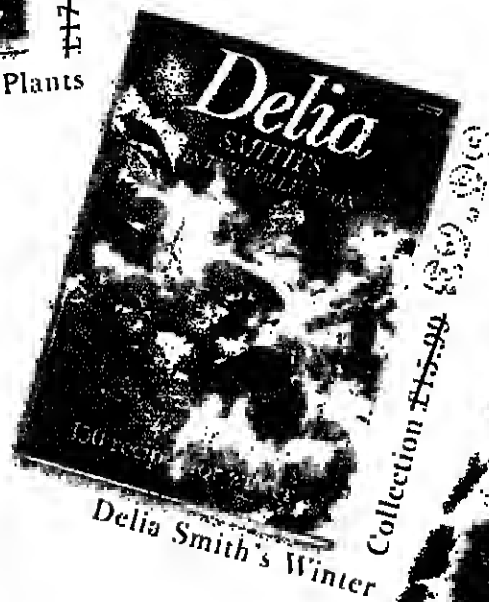
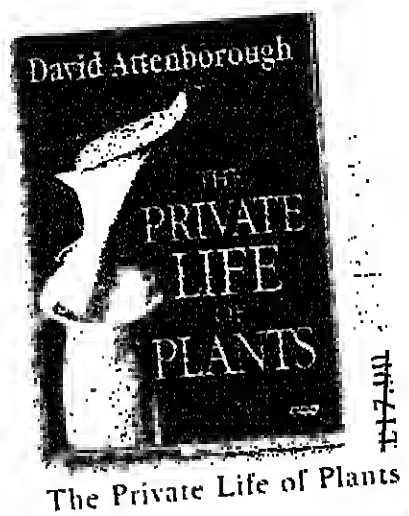
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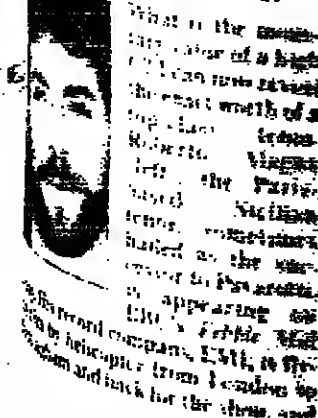
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one in a million



As Sarajevo is reunited, Tony Barber examines whether the separation of ethnic groups is unavoidable elsewhere in Europe

Learning the bitter lessons of Bosnia

Sarajevo is reunited and Bosnia-Herzegovina partitioned – in fact, if not in law. Such is the paradoxical outcome of the Dayton peace agreement, signed almost four months ago. The principle underlying the settlement, that Serbs, Croats and Bosnian Muslims should work together to reconstruct Bosnia's pre-war spirit of multi-national tolerance, looks increasingly like an exercise in wishful thinking.

Two days ago Bosnia's Muslim-Croat federation took control of Grbavica, the last of five Serb-held Sarajevo suburbs designated for transfer under the Dayton accord. About 60,000 Serbs lived in these suburbs during the 1992-95 war; only about 10,000 remain.

The real, bullied by Bosnian Serb authorities into abandoning their homes, or acting on their own nationalistic impulses, have sacked and burned their neighbourhoods, dismantling everything from washing machines to electric light fittings and digging up their dead for reburial in Serb territory.

For their part, the Muslim authorities have done little to encourage the Serbs to stay, turning a blind eye to marauding, vengeful Muslim gangs. Sarajevo, once a beacon of Balkan multiculturalism, has earned the dubious distinction of becoming the setting for a final, frenzied burst of "ethnic cleansing", the separation by violence of one nationality from another. Across Bosnia, mixed communities are mostly a thing of the past.

The Serb Republic, allocated 49 per cent of Bosnia's territory under Dayton, is all but purged of Muslims and Croats. In Banja Luka, its biggest city, the mosques have long since been blown up. Hardly any Muslims remain in the Drina valley in eastern Bosnia, where they were the largest nationality.

The Muslim-Croat federation, covering the other 51 per cent of Bosnia, exists on paper but not in the hearts of the two peoples or in the political calculations of their leaders. The Croats of western Herzegovina persist in defending their separatist mini-state, Herzeg-Bosnia, in the confident expectation that it will one day unite with Croatia proper.

The Muslims, once the most committed to multi-national coexistence, find themselves boxed into a tight space in central Bosnia focused on Sarajevo. While some Muslim politicians, such as the former prime minister Haris Silajdzic, hope to recreate a multi-national Bosnia, the leadership in Sarajevo under President Alija Izetbegovic prefers to emulate the Serbs and Croats, making nationalism the centrepiece of its programme. The partition of Bosnia reflects the enormous popula-

tion movements of the war: more than half the republic's 4.4 million people fled or were driven from their homes. Many thousands became refugees abroad. Inside Bosnia mixed communities broke down and Muslims, Serbs and Croats began to resettle, often reluctantly at first, in nationally exclusive areas. There seems little hope of coaxing them back together.

Is the lesson of Bosnia that multi-ethnic states are doomed to fail in Europe? Are population transfers, however offensive to the liberal Western conscience, a necessary evil to ensure stability?

Such questions do not touch on distant issues of principle but are relevant to western Europe in a direct way. European ethnic rivalries that turn violent can lead to Western military intervention as well as to large influxes of refugees.

Clearly, if a state's dominant nationality and its minorities

contained 3 million Germans.

In Poland, a sizeable German population remained in western areas after 1945 and, upon the fall of Communism in 1989, demanded long-denied political and cultural recognition. Poland's new leaders, who emerged from the Solidarity opposition, wisely guaranteed their rights, defusing an issue that could have stoked dangerous passions in Germans and Poles.

Poland represents an isolated success story in post-Communist Europe. Elsewhere, a country's dominant nationality more often than not views minorities as a threat. The substantial ethnic Hungarian communities of Romania, Serbia and Slovakia are a case in point. In all three countries, especially Romania, state-sponsored nationalism is a stronger force than the spirit of civic coexistence that might breed respect for ethnic Hungarians' equality under the law. Tensions have not developed

nic Albanians, rather than large numbers being spread over at least three different countries. As long as basic standards of democracy and respect for minority rights are inadequate in Kosovo, the Albanian problem will remain a timebomb.

Although Greek-Turkish relations are rarely free of tension, it is sometimes forgotten that the two countries have not gone to war for more than 70 years. One reason is that the 1923 Treaty of Lausanne provided for the compulsory exchange of Turkish Muslims and Greek Christians between Greece and Turkey, greatly simplifying the ethnic make-up of the two states.

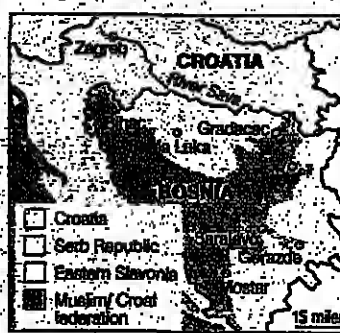
Population transfers in the 20th century have generally been either an accompaniment to war, as in Bosnia, or a feature of subsequent peace arrangements, as after 1945 in central and eastern Europe. The human cost has been terrible, but sometimes the long-term effect has been beneficial. Ideally, ethnic minorities in turbulent parts of Europe such as the Balkans would enjoy complete security in political systems framed by tolerance and respect for the law. The harsh truth is that such conditions do not obtain in much of the region.

Indeed, in some areas the prospects for inter-ethnic violence are rather greater than those for the consolidation of democracy. They are likely to remain so as long as strident nationalism remains the stock in trade of leading political parties.

In such circumstances, if war does break out on the scale seen in Bosnia, it may be necessary to accept as a hard reality the forced transfers of population provoked by the fighting. In western European eyes, the separation of nationalities is not a noble ideal, but in eastern eyes it can have the virtue of offering a respite from lengthy wars.

Thus, in circumstances, if war does break out on the scale seen in Bosnia, it may be necessary to accept as a hard reality the forced transfers of population provoked by the fighting. In western European eyes, the separation of nationalities is not a noble ideal, but in eastern eyes it can have the virtue of offering a respite from lengthy wars.

The southern Balkans might be more stable with an Albanian state that included most eth-



Bosnia under the Dayton agreement
Capital: Sarajevo; name derived from Saraj, "palace in the fields". The city's population is around 470,000. Pre-1991, a mixture of Serb, Croat and mainly Muslim. After 1991, the centre became a government stronghold under siege from Serb suburbs.

to the point of armed conflict. The prospect of entry into the European Union and Nato provides Hungary, Romania and Slovakia with an incentive to avoid violence and reach a compromise. However, the longer the West delays admitting these countries, the higher is the risk of serious trouble arising over the Hungarian minorities.

Bosnia's de facto partition sets a bad precedent for countries in south-eastern Europe, where democratic institutions are fragile and mutually hostile nationalisms clash. Discontent runs deep in the ethnic Albanian communities of Kosovo, Serbia's southern province, and in the former Yugoslav Republic of Macedonia. It is not hard to imagine the tensions boiling over.

This could result in the forced expulsions or flight of most Albanians from Kosovo and Macedonia into Albania. Large-scale population movements have already started in Kosovo: about 250,000 of the province's 1.7 million Albanians have fled since 1990. The great majority have ended up not in Albania but in the United States and Germany.

The southern Balkans might be more stable with an Albanian state that included most eth-

History of a city

AD8: Romans establish rest centre at Iliđa close to what is now Sarajevo.

1415: First mention of Sarajevo as Vrh Bosna, a Slav castle.

1428: Vrh Bosna falls to the Turks, an invasion that turns city into a trading centre and stronghold of Muslim culture, making it one of the richest and most beautiful cities of the Turkish-ruled Balkans.

1451-1553: Sarajevo ruled by native Slavs who have converted to Islam.

1550: Jews fleeing from Spain begin to settle in the city.

16th and 17th centuries: A period of prosperity is followed by a series of floods, fires and plagues that savage Sarajevo's population.

1850: Sarajevo becomes the administrative centre of the declining Ottoman Empire.

1875: After more than 400 years of occupation, Turks are ousted from Sarajevo by the Austro-Hungarian Empire.

1878: The Treaty of Berlin assigns Bosnia to Austria. Building boom starts. City becomes known for its intelligentsia. National independence becomes hotly debated.

1908: The Austro-Hungarian Empire formally annexes Bosnia and Herzegovina.

June 1914: Gavrilo Princip assassinates Austrian Archduke Franz Ferdinand I, triggering First World War.

November 1918: Diet of Sarajevo proclaims union within Yugoslavia.

1945: Sarajevo becomes capital of Bosnia, one of six republics in the Communist Yugoslav Federation. It had escaped two world wars relatively unscathed.

1946: Sarajevo University established.

1984: Winter Olympics.

Feb/Mar 1992: Yugoslavia breaks up after a Serb-boycotted referendum in which Muslims and Croats vote for independence.

5 April 1992: Bosnia's parliament declares independence. The city gets its first taste of battle for 300 years. Mass peace demonstration fired upon by snipers. Scores of civilians killed or wounded. The following day, Serb-dominated Yugoslav National Army units began to shell Sarajevo. Three-year siege begins.

18 Feb 1994: First marketplace massacre: 68 killed by a mortar fired from outside the city.

29 Aug 1995: Second marketplace massacre: 37 die in the same marketplace, victims of another shell.

Dec 1995: War ends.

Mar 1996: City reunited as the transfer of Serb suburbs to Muslim/Croat control completed.

Research: Anna Davies and Ben Summers

Banks in the firing line

Labour's Tony Banks has been doing his best to shame his parliamentary colleagues by calling for the closure of the House of Commons' own rifle range, buried deep in the recesses of the Palace of Westminster. It is certainly an oddity to have a rifle range in a building devoted to legislation, the furtherance of democracy and public policy-making. Surely, such sporting pursuits, if they be such, can be carried out on non-subsidised, private premises.

The only other example that I can recall of the anomaly of a rifle range in a building supposedly devoted to policy-making and public accountability was at County Hall in London at the time of the GLC. The GLC in its last days contained future firebrand Labour MPs Ken Livingstone, Paul Boateng and, come to think of it, Tony Banks. Indeed, Mr Banks used to shoot at that rifle range. But I cannot recall he or any of his colleagues using their powers to close down the rifle range or ever once speaking against its existence. Pressure of work, no doubt.

Tenor penny? More like one in a million

What is the monetary value of a high C? I can now reveal the exact worth of a top-class tenor, Roberto Alagna (left), the Paris-based Sicilian tenor, sometimes hailed as the successor to Pavarotti, is appearing on BBC's *Paula Smith* today. His record company, EMI, is flying him by helicopter from London to Birmingham and back for the show, and

they have insured him for the flight. They have valued the voice and its owner at £1m. Just so the pilot knows. Steer safely.

How to put your boot in it

Next week sees the launch of the new Reebok advert for the Ryan Giggs football boot. It boasts the largest gathering of famous faces to appear in one advertising campaign, with pop stars, comedians, boxers and the ubiquitous David Mellor all wishing they could

step into the boots of Manchester United's Ryan Giggs. Only the rock group Oasis turned down the chance to appear, as they are solid Manchester City fans.

But is Reebok's marketing director, Robert Fallow, getting a little carried away when he says: "The common bond between all these people is that they would exchange their lifestyles to be in Ryan Giggs' boots. However suc-



cessful they are in their own fields, they all dream of scoring a winning goal in front of 50,000 people."

One of the featured celebs is Mr George Best (left). He has no need to dream. He has scored goals in front of even more than 50,000 people and may indeed consider himself to have been a better player than even Ryan Giggs.

It's all a blur in the underworld

Irvine Welsh, author of the urban underworld novel *Trainspotting*, has managed to live up to type, getting himself arrested at a match involving his beloved Hibernian against Partick Thistle. He was arrested for being drunk and disorderly, a surprisingly animated state for a 0-0 draw. But no further action is being taken by the Scottish Procurator Fiscal.

I gather that the drinking binge started 24 hours before the match when Welsh met Damon Albarn of Blur, the rock group, for a magazine article. The two apparently got on like a house on fire despite Welsh thinking his companion's name was Damon Blur.

RU R1CH?

The Driver and Vehicle Licensing Agency are going in for a piece of private enterprise when they auction previously unused car registration numbers. At the sale in Stratford-upon-Avon next month bidding will start at £1,000 for number plates for egocentric gels or lovestruck boyfriends: plates such as FIO NNA: 13 PAM or NI CLA.

The DVLA may be a bit hopeful though in expecting £1,000-plus for 2 RSC. Few luvvies wishing to boost their associations with the Royal Shakespeare Company can afford to fritter away £1,000.

Eagle Eye

DIARY

They have insured him for the flight. They have valued the voice and its owner at £1m. Just so the pilot knows. Steer safely.

How to put your boot in it

Next week sees the launch of the new Reebok advert for the Ryan Giggs football boot. It boasts the largest gathering of famous faces to appear in one advertising campaign, with pop stars, comedians, boxers and the ubiquitous David Mellor all wishing they could

step into the boots of Manchester United's Ryan Giggs. Only the rock group Oasis turned down the chance to appear, as they are solid Manchester City fans.

But is Reebok's marketing director, Robert Fallow, getting a little carried away when he says: "The common bond between all these people is that they would exchange their lifestyles to be in Ryan Giggs' boots. However suc-



cessful they are in their own fields, they all dream of scoring a winning goal in front of 50,000 people."

One of the featured celebs is Mr George Best (left). He has no need to dream. He has scored goals in front of even more than 50,000 people and may indeed consider himself to have been a better player than even Ryan Giggs.

It's all a blur in the underworld

Irvine Welsh, author of the urban underworld novel *Trainspotting*, has managed to live up to type, getting himself arrested at a match involving his beloved Hibernian against Partick Thistle. He was arrested for being drunk and disorderly, a surprisingly animated state for a 0-0 draw. But no further action is being taken by the Scottish Procurator Fiscal.

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Eagle Eye

Critical blackout for Sir Cliff's Heathcliff

Sir Cliff Richard's performance in the play *Heathcliff* at the National Theatre has been described as "a masterpiece of acting". The play, which is a modern version of the 19th-century novel *Wuthering Moors*, is a story of love, power and revenge. Sir Cliff's performance as Heathcliff has been praised for its intensity and emotional depth.



And to ease Sir Cliff's pain, we'll make a good one, and you'll be pleased on the walls of every home the show goes. Here, great Cliff Richard, the eternal bachelor, who with a pendant for gospel.



Today. His record company, EMI, is flying him by helicopter from London to Birmingham and back for the show, and

they have insured him for the flight. They have valued the voice and its owner at £1m. Just so the pilot knows. Steer safely.

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THE INDEPENDENT

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Carving up the consumer

Suddenly and without apology the tone changes. The macho assertiveness that ministers have made their stock in trade gives way to clumsy hesitation and vague admission.

Let us make no mistake. What came out yesterday in ministers' statements, albeit smeared with political varnish and hedged with scientific modesty by the Chief Medical Officer, was official acknowledgement of a possible link between BSE, mad cow disease, and the degenerative disorder called Creutzfeldt-Jakob disease. Worse than that, by ordering further measures to make beef safe, the Government is admitting that it is still worried by the incidence of BSE in British beef. The only conclusion a sensible consumer, parent or school cook can reach is that despite improvements in safety, there is still a risk that you can contract CJD by eating British beef products.

The consequences for the industries producing beef and milk, farmers and their land, abattoirs and retailers are difficult to underestimate. The political fallout for the Government are dire. This admission comes after a parade of brazen attempts to laugh off consumer fears. Remember the celebrated hamburger stuffed into a young Gummer's mouth: that parrot repetition about the safety of British beef production: that off-hand putting down of all those - scientists, consumer advocates, German importers, members of the public - who voiced their misgivings?

The Cabinet must start to behave like a modern government. This does not mean ignoring the uncertainties of the science, or ignoring the consequences for the food industry. But it must mean governing in the common interest. For too long this government, and the Ministry of Agriculture in particular, has been ruling in the interests of beef producers when the interests of consumers should have been paramount. Consumers need to rely upon government regulation to make sure food is safe. The case is becoming insurmountable for a system of consumer regulation of food safety separate from the Ministry of Agriculture. This fiasco will cast a shadow over the Government's entire approach to food safety. If it can get this wrong on beef, how many other

food safety problems is it willing to downplay for the sake of the food producers?

It is also time to stop doing what Stephen Dorrell did yesterday, hiding behind coy references to what the Chief Medical Officer might feed to his grandchildren. The public does not need only reassurance: it also needs clarity and honesty. There is hardly a department of government that should not be thinking about contingencies, for everything from international trade to alternative use for land now used for beef production. The impact will be felt throughout agriculture: if that land is used for cereal production, cereal prices will fall.

That would require the Government to start leading public opinion by informing it rather than being driven by public outcry into making a reluctant admission of what many have feared for so long. The Government has to say, out loud and in simple language: there are now too many strands of circumstantial evidence for us to ignore. British beef - or at least the huge range of consumer products based on beef products - are not reliable foodstuffs.

Hearing that from ministers, the public knows what to do - stop eating the stuff, stop buying the jellies and the Cornish pasties made from beef extracts for the time being. The food and livestock industries will have to live with the results - other industries have undergone major trauma without government aid and come out stronger and so this one might, once farmers put their stocks in order and the beef industry starts meeting its responsibilities to its consumers.

This is no recipe for panic. The incidence of BSE has declined in recent years. The industry has begun, albeit slowly, to respond. Yet we know next to nothing about what an infectious dose might be, nor, yet, whether brain, spinal cord and non-muscle tissue are the only culprits. In the circumstances, it is going to be hard to argue that schools and hospitals should not become ultra-cautious about what meat to serve. The beef industry will be most damaged by yesterday's announcements, but just as damaged will be confidence in a system of government that has again been exposed as arrogant and complacent.

Major's class act

It takes a lot of nerve for a Conservative Party leader to make class an election leader, but that is exactly what Mr Major did yesterday. That he enjoys painting himself as the lad who fought his way up from Brixton we already know. What is new and potentially potent in his attack on Mr Blair is his tarring of the smart, young professional Labour leadership as elitist, chattering classes who are all too ready to kick their kids off to posh schools leaving you, the ordinary voter, exactly where you were. Mr Major's claim is that he is an honest, ordinary sort of bloke you can trust. Mr Blair, public-school-educated, remember, is one of the snooty, metropolitan middle classes who looks down on ordinary folk.

That will only work up to a point, though. Mr Major is undoubtedly right to attempt to identify the Conservatives once again with working- and lower-middle-class aspiration. He is also right to do that through education rather than property ownership. Education is the ticket to jobs, higher wages, prosperity and security. Ambitious parents from all walks of life are deeply concerned about the quality of education.

But a return to a system of selection

that would divide pupils between schools is not the answer. Some will benefit. The vast majority of children and parents will not. Oversubscribed schools will be able to choose the easiest pupils to teach, enhancing the reputation of the school and increasing the number of disappointed parents who cannot get their child into the school of their choice. Separating children of different abilities into different schools will raise the very British danger of stigmatisation. The 80 per cent of children educated in secondary modern schools were branded failures at the age of 11.

Mr Major will have a lot to do to persuade the parents of less able children that exclusion from the top academic schools will not do them harm to a second- or third-class education. The dilemma of how to combine parental choice with selection and yet high-quality education for all our children is not exclusive to Labour: the Tories have not found a solution either.

So beware Mr Major. If you go too far down the path of selection in an attempt to expose new Labour hypocrisy you may find yourself the legitimate target of accusations that you want to turn the clock back to the bad-old Fifties.

A doctor's advice on questions of sport

Today I am glad to welcome Dr Zeis Cordwainer, the controversial sports psychologist, to answer all your questions on sport and sports behaviour.

Could you please explain the function of a sports psychologist?

Dr Cordwainer writes: Surely, it is our function to advise, to motivate and to run on the pitch with the trainer.

Random? Dr Cordwainer writes: You must have noticed these days that when a man is injured on the playing-field, very often two people come on to deal with the player. One is the physio, with the spray-on painkiller - and the other is the sports psychologist, or what the players call the psycho.

What does he do? Dr Cordwainer writes: I whisper little things in his ear.

Like what? Dr Cordwainer writes: Well, take last Saturday's rugby match, England vs Ireland, for instance. When Will Carling twisted his ankle, the real reason he had a twisted ankle, the real reason he had a twisted ankle was that he fell on a patch of soft turf.

Dr Cordwainer writes: No, my friend. If that were so, many more players would have had twisted



MILES KINGSTON

ankles. No, the real reason he twisted his ankle and only Will Carling, not anybody else, twisted his ankle, was that he was afraid to shake hands with a member of the Royal Family afterwards.

Why? Dr Cordwainer writes: Oh, for various reasons. Anyway, I went on the pitch and whispered a few words in his ear.

It didn't work, did it? I mean, he was stretched off, wasn't he?

Dr Cordwainer writes: That was my advice, actually. "Why don't you get carried off and let someone better take over?" And he took it.

Do you think Frank Bruno would have benefited from your help?

Dr Cordwainer writes: Ah, but he did! I was there for the fight! I flew out straight from Twickenham to Las Vegas to advise Frank.

I didn't see the fight myself, but I

gather from the press that he was a little overwhelmed.

Dr Cordwainer writes: You may have read the British press, but you should have read what they said in the American papers. Michael Wilson in the *Washington Post*, for example, wrote: "Bruno's performance was as fraudulent, pathetic, and disgusting as anything the heavyweight division has seen short of taking an out-and-out dive... He was terrified. His strategy was to throw one patsy little punch like a kid in a schoolyard brawl, then cover up... If he was that scared of the man, he shouldn't have gotten in the ring."

Goah. That's bad. I wonder why Bruno was like that.

Dr Cordwainer writes: Because I advised him to.

Why? Dr Cordwainer writes: To get the fight over with sooner and avoid unnecessary punishment.

Is that always your advice?

Dr Cordwainer writes: To British teams and competitors, yes.

So, who else have you been advising recently?

Dr Cordwainer writes: Well, the English cricket team against Sri Lanka. Nottingham Forest against Bayern Munich...

I am beginning to understand...

Dr Cordwainer writes: Oh, and Jonah Lomu...

Jonah Lomu? The New Zealand rugby player? What has he been doing?

Dr Cordwainer writes: He's been getting married.

And he needed your help for that?

Dr Cordwainer writes: Didn't you read about it in yesterday's *Independent*? He was getting married, but was afraid that if his mother found out about it, she would try to stop the wedding.

Jonah Lomu was scared of his mum?

Dr Cordwainer writes: You've got it. So I advised him to get married in secret and not ask her. And he did.

So your advice to all sportsmen, regardless of circumstances, is to take the easy way out.

Dr Cordwainer writes: Yes. And quit sport altogether if possible. Why should Frank Bruno go on being a fading frightened boxer when he's got a flourishing piano and TV career beckoning? What has Will Carling got to gain? Why does English football pretend to be in the same league as Europe? Why is Terry Venables on a hiding to nothing...?

Do YOU need help trying to give up sport? Just get in touch with Dr Cordwainer.



I HAVE EATEN...



...BEEF ALL MY LIFE...



AND I CAN ASSURE...



...YOU ITS NEVER...



DONE ME ANY HARM...



...MMMM OOOO!

HEATH

LETTERS TO THE EDITOR

Science should glory in its limitations

Sir: Thank you for your coverage of the Dunblane slaughter, which has been helpful. I write with a plea on behalf of physical science, in the light of what Petr Atkins wrote (15 March).

You had no reason to include a scientist among your commentators, any more than you might have a banker or a plumber. As human beings such persons may help us to assuage our grief, understand our anger, relieve our pain and that of others, and come to terms with evil. For those purposes your other contributors all had relevant professional skills, and I thank them. But to identify science with the view that "this glorious world is but a mechanism" is to declare it irrelevant to all the most serious issues that confront human beings, and will continue to put off many good people from pursuing it.

Needless to say, plenty of physical scientists would disagree with Petr Atkins, and take a spiritual view of the nature of this glorious world. His concluding statement, that his science does not make him inhuman, is quite right: he ends up using words like "comfort", "inhumanity", "aspirations",

"grief", "enjoying", and "apothecising of evil". But he has to stop being a "scientist" in his own sense in order to do so.

Science is marvellous, not least because it is done by real and fallible souls. But to pretend it can tell us how we relate to evil, anguish and God will make good people hate it. For such truths we must look elsewhere, as Andrew Marr clearly perceives, and a good scientist, like a good plumber or banker, will say so.

Professor the Rev S G HALL, Elia, Fife

Sir: In his article introducing Science Week (18 March) Tom Wilkie tells us that the importance of trying to understand science for the non-specialist is "simply that science provides a profoundly satisfying way of looking at and making sense of the world in which we live". Surely, on the contrary, it is profoundly unsatisfying on that score, despite its telling us that the world is "not all arbitrary and chaotic".

Science assists us not one whit in understanding all that distinguishes us as human beings. It tells us a deal about the machin-

ery by which nature functions, but this hardly qualifies it for the description "profound". As William Hartston pointed out in his piece on coma patients (12 March), even the understanding of the physical basis, within the brain, of consciousness itself "still seems a very long way off indeed".

What does it tell us about disinterested love; of our essential need for artistic expression, be it in words, line, colour, form, movement or sound, and the beauty in these forms of expression? What of the need for moral precepts, dealing with the ideas of good and evil, by which the societies in which we live may be viable? And what, perhaps above all, of what Jung described as being autochthonous - man's sense of the religious?

Perhaps the value of so much of the truly marvellous discoveries of modern science, in its own field, lies in the fact that we become aware of the inability of the scientific disciplines to help us in solving our profoundest questions, which concern the nature of Man, and his destiny.

JOHN DANSEY
Penarth, South Glamorgan

Funding available for GM schools

Sir: Your correspondent David Smyth (Letters, 15 March) asserts "that there will be no capital bid this year as the Funding Agency for Schools is broke".

Mr Smyth is misinformed. The Funding Agency for Schools administers an annual budget of around £1.6bn, providing funding to the 1,100 grant-maintained schools in the country. A capital allocation of £138m has been granted to the Agency for the financial year 1996-97 from which the agency has increased by 10 per cent the formula-based capital grant which all GM schools receive, and doubled the amount of money available through a new scheme offering part-funding to complement funds raised by schools themselves.

Full funding will be available for urgent health and safety projects and for the capital consequences of basic need changes. The gearing of capital funding is changing from a system which invited bids and then provided 100 per cent funding for a small proportion of them to one which spreads the available money across far more schools by providing part-funding to a much larger number of projects.

GM schools have been fully informed of all these facts. It is difficult to understand how they can be construed as the consequences of being "broke".

ROGER WITTS
Head of Communications
Funding Agency for Schools
York

Post letters to Letters to the Editor, and include a daytime telephone number. (Fax: 0171-293 2056; e-mail: letters@independent.co.uk) Letters may be edited for length and clarity.

How to stop China invading

Sir: There are easier ways for the US to "Keep China in check" (leading article, 15 March) than sending a carrier group through the Taiwan straits - for example a little pressure on President Lee to disavow him from pushing the cause of Taiwan's sovereign independence.

What Peking is trying to do is escape failure to implement its longstanding commitment to use force if nothing else will deter Taiwan from what it sees as secession. The Chinese government will acquiesce indefinitely in Taiwan's *de facto* independence but its internal compulsions would not allow it to "stand idly by" if Taiwan made its independence *de jure*.

NEVILLE MAXWELL
Oxford

Muscely men

Sir: Charles Loving asks if Frank Bruno and Mike Tyson are technically obese because their BMIs (body mass indexes) are over 30 (Letters, 19 March). Muscle is denser than fat so it is not surprising that two of the most muscled men in the world have high BMIs.

As few of us have the physique of a heavyweight boxer, BMI is a very useful way of identifying those of us who could do with losing some weight. One could rubbish BMI on the basis of calculations carried out on two men with obviously high levels of physical fitness, and ignore a high personal BMI when one is a plump, middle-aged man with a sedentary lifestyle. Every smoker knows of someone who smoked 40 a day and lived to 100. But who are you trying to kid?

ANDREW HUTCHINSON
Colchester, Essex

B-side Bambi

Sir: Keith Flett (letter, 20 March) has himself missed the significance of the re-formed Sex Pistols. The Pistols' political agenda was Anarchy in the UK; and, perhaps more significantly, the flip side of their single "Silly Thing" was "Who Killed Bambi?"

ADRIAN BROOKIN
London N2

No need for beef hormones

Sir: Katharine Butler ("Why the mafia is into your beef", 19 March) focuses on the black market in growth-promoting hormones. However, her analysis of the existence of the illegal trade in growth hormones misses the point as far as the ban on their use in the EU is concerned.

The reason for which the ban must be maintained and the black market stamped out cannot be understood in terms of scientific opinion alone. The use of these substances in meat has caused a marked drop in consumer confidence in the market which will not be tackled by legalising the use of growth promoters. Consumer objections stem both from legitimate public health concerns, and from the entirely accurate perception that in an EU which was once a byword for agricultural over-production, there is no need to use these substances anyway.

Since the mid-1980s, I have

consistently argued that where animal pharmaceuticals are used for purposes other than prophylactic or therapeutic, they should be subject to more than the customary tests for animal pharmaceuticals, those of safety, quality and efficacy. I have argued that a fourth test should be required: a socio-environmental impact assessment.

The Government would do better to support the introduction of such a test rather than to claim, in the teeth of clear consumer opposition, that we should eat meat that has been artificially boosted by hormones and other chemical compounds because they meet tests designed for quite different purposes.

KEN COLLINS MEP
(Strathclyde East, Lab)
Brussels
The writer is Committee Chairman and rapporteur on hormones in meat, European Parliament's Committee on the Environment, Public Health and Consumer Protection.

Tell the people about Europe

Sir: Sarah Helm (19 March) is right that "ignorance about the way Europe really works suggests there is apathy and confusion". Britain's citizens are bombarded by myths about straight cucumbers and bananas from the tabloids, and misrepresentations from Eurosceptic government ministers.

Our Branch of the European Movement has held 10 information days in shopping centres in the past three years, providing free leaflets from the Foreign and Commonwealth Office, the Commission and the European Parliament, and answering

questions. Almost without exception individuals have thanked us, saying they didn't know where to obtain information about the EU.

It must therefore be greatly regretted that our government has told the Commission that it does not wish its people to have access to the Commission's leaflets explaining a common currency. Other EU states have been glad to take up this offer. How can people be expected to vote in a referendum when they have no idea for what they are voting?

PAMELA WARD
Chairman
Huddersfield & District Branch
European Movement
Huddersfield, West Yorkshire

Feelbad factor in the public sector

Sir: The Cabinet is holding a meeting to discuss what they regard as the puzzling absence of a "feelgood" factor. For those of us working in the public sector, it is not puzzling at all. We have had several years of pay increases around the rate of inflation, with the prospect of more to come. The substantial tax increases of recent years mean that our after-tax income has declined.

In addition, most people in both the public and the private sectors have seen the value of their homes go down. Thus millions of people have seen their incomes decrease and their capital decrease as well. This "double whammy" would appear to explain the lack of a "feelgood" factor.

MICHAEL W EYSENCK
Head, Department of Psychology
Royal Holloway
University of London
Egham, Surrey

Anorak pride

Sir: Could you clarify what is meant by an "anorak". James Cusick writes that Thomas Hamilton seems to have been a "quiet anorak" type (report, 18 March). On another page I read "National Science Week isn't just fit for anoraks - it's for everyone". At Newbury those who want the bypass rubbish the protesters as "anorak wearers". Should I wear my anorak with pride or abandon it immediately?

LESLIE F CHURCHILL
Spalding, Lincolnshire

The compulsion to overeat

Sir: If Hugh J Thompson is right (letter, 18 March), then all that obese people have to do to exercise a little control, and everything will be all right. Anyone who has ever suffered the agony of compulsive overeating knows that that is just not true. The simple fact about dieting is that it works in the short term, but that it also ultimately fails.

The medical profession has spent too long treating the symptoms of overeating rather than the root cause, which lies, as with anorexia and bulimia, in the compulsion. I look forward to the day when compulsive overeaters are treated with the same concern as sufferers from other eating disorders.

GEOFFREY DURHAM
London, N6

Krypton mystery

Sir: Mystery rock baffles experts? (Report, 19 March.) Judging from your excellent colour photograph, I am pretty sure the rock is a large chunk of kryptonite, from Superman's home planet of Krypton. Numerous comics and films will bear me out.

IAN ROWLAND
London SW16

Heated dilemma

Sir: I am outraged at the suggestion by Yorkshire Water that baths be replaced by showers. Where are we supposed to keep the coal?

S BALLANTYNE
Leeds

□ Bill that gives a licence to squander □ Needs must when the electoral devil drives □ No style in the Harvey Nichols stake sale

Societies ready for more danger

□ CARPETBAGGERS need not worry too much. Their £100 qualifying stakes in the nation's building societies are safe-ish. New powers proposed by the Treasury could encourage societies to run headlong into new riskier ventures, once again.

Witness the enormous losses made in estate agencies by the very institutions who thought they understood the housing market. Nationwide, Abbey National and many others could not wait to get their hands on the high street stakes, for sale signs and the additional mortgage business they assumed would follow. Even before they could legally own estate agents, under the 1986 Building Societies Act, societies were doing deals to buy them fearful that if they waited until the following year they would lose the best ones.

Goodwill was at a premium and the estate agents knew how to market their one asset. Building societies are still paying the cost. Only yesterday Alliance & Leicester wrote off £40 million against the sale of 70 estate agents. Last week it was the turn of the Woolwich to take a hit on estate agencies bought from Prudential, at what was then thought to be the bottom of the market. Before that it was Bristol

& West, while the good old Nationwide, wedded to mutualism, and Abbey National, which bought while a society and sold, taking an enormous hit, as a bank, were neck and neck in the who-lost-most stakes.

Now, as the societies try to reduce the number of people they have to pay a bonus to when they convert, they are to be given new powers to squander the money given to them to safeguard.

The draft Bill published yesterday will enable societies to operate general insurance companies and to feel the pain at first hand of subsidence claims and spiralling burglaries; to lend to landlords and make business loans not secured on land or any assets at all.

The societies say they will not rush pell mell into new businesses, but we remember too well that the limited amount of commercial lending made to builders at the height of the property boom and secured on land cost societies dearly. Alliance & Leicester, soon to leave

the ranks of the societies to become a fully fledged bank, once set the pudding society record for bad debt provisions helped by unwise lending to commercial builders.

Mutuality for the next millennium — the Treasury's phrase, not ours — is unlikely to be much safer.

Yes, savers will have to hold accounts for two years to qualify for cash bonuses, reducing the number getting payouts. But, as the banks are reporting billions of pounds of profits and the insurance companies are at that point in the cycle when all is looking rosy, the societies will undoubtedly want some of the action. Therein lies the danger.

Public sector tax cut requirement

□ THERE are two racing certainties on the economic card. One is that France will qualify for EMU. The other is that Britain's finances will be judged



good enough in the autumn for Kenneth Clarke to propose hefty tax cuts. It is almost equally certain that neither will stand up to the more pernickety kind of critical scrutiny.

At the far end of the financial year, state finances are open to so much seasonal distortion that interest centres mainly on whether the latest forecast will be met. Even when Budgets were laid in March, this was unusual.

Last year, there was a £10 billion deficit in March as departments spent up to budget. If that happens this time, the £29 billion public sector borrowing requirement forecast for 1995-96 will be

well missed. But one year rarely mirrors the previous one.

Beyond such temporary excitement, the finances still do not look as healthy as the Chancellor would like. VAT revenue and social security contributions are flat, though VAT ticked up in February and some other revenue streams are buoyant. Some nifty fringe sales are boosting privatisation proceeds and sales of railway assets flatter the cash performance of public corporations.

To reach his goals for 1996-97, the Chancellor still needs the economy to grow faster, as fast as his Budget forecast. The longer it takes to accelerate towards that 3 per cent, the more canny Ken will need to press steady Eddie to cut interest rates.

Few textbooks recommend conducting a loose monetary policy in order to make your fiscal stance look more prudent. But needs must when the electoral devil drives. As one less than idealistic analyst noted, Mr Clarke could even raise his 1996-

97 PSBR forecast and then cut taxes on the grounds that this showed the economy was weak and needed a stimulus. At least that would absolve the Cabinet from the need to choose whether sterling should join EMU.

Absolutely Fabulous

□ WHAT a splendid flotation advertising campaign it would have made! The Princess of Wales in search of retail therapy at the ground floor MAC cosmetics counter. *Ab Fab's* Patsy, on the first, slipping into a slinky little something from Moschino couture, while, on the fifth, her friend Edina pigged out on a snack from International Foods.

Sadly, it was not to be. A 49.9 per stake in Harvey Nichols, the Knightsbridge style temple, will be quietly sold to institutions.

Perhaps Morgan Stanley, the advisers to the sale have learnt from the example of the House of Fraser sale, launched in March

1994. This was promoted to the investing public in a TV eulogy, silkily voiced over by Selina Scott. Priced at 180p, the shares subsequently slumped to 127p. They have only recently recovered their poise.

Seeing this frumpy performance, Harvey Nick's label-loving clientele will feel less sad that they have been deprived of another status purchase, shares in their favourite store. Their cheque books can stay in their £400 Bottega Veneta bags, allowing them to run up higher balances on their silver grey HN store cards.

Morgan Stanley was yesterday as thighslipped as a Palace spokesman about the way in which the flotation money will be spent. But it seems that some will be used to spread the Harvey Nick's logo beyond its Knightsbridge homeland. The store's name is now as well known for dining, as for fashion. Dickson Concepts, the store's owner, is already opening a Harvey Nichols in Leeds, the North's answer to SW3.

Harrods is a name they say around Harvey Nichols only with a sniff ("all those terrible tourists in anoraks, darling!"). But its smaller rival obviously aspires to the same brand recognition.

Doulton sales defy trading difficulties

ROYAL DOULTON, the fine china and giftware maker, achieved a 20.7 per cent rise in profits last year in spite of difficult trading conditions that held back sales growth (Sarah Bagnall writes).

Pre-tax profits rose to £15.2 million from £12.6 million in the year ending December 31. The advance was achieved on the back of a 6.7 per cent rise in sales to £242.8 million. The news lifted the shares 5.5p to 286p.

The final dividend of 6.5p makes a total for the year of 8.5p, up 13.3 per cent from last time. The dividend, due June 7, is being paid out of earnings of 20.4p a share, up from 18.4p last time. Adjusting for the effects of a £1.4 million write-back on advance corporation tax relating to the demerger, earnings rose from 15.4p to 17.8p.

Pearson admits loss on computer games

By ERIC REGULY

PEARSON, the media and entertainment group that owns the *Financial Times* and Tussauds, admitted yesterday that Mindscape of America, one of its biggest acquisitions in recent years, has proved a disappointing investment.

Mindscape, a software publisher that specialises in games, lost £6.9 million in 1995 against a profit of £3.5 million in the previous year, while revenues slipped about 20 per cent to £60 million. Pearson paid \$462 million for the company in 1994.

Mindscape went into loss because demand for video games delivered on disks and cartridges, two of the company's main products, has col-

lapsed. Games on compact disks have become the industry norm. Pearson also admitted that the quality of its games was not the best. John Moore, the new chief executive of Mindscape, said: "We were trying to be all things to all people, and we tried to slip mediocre products into the marketplace." A new strategy was being sought.

Pearson reported a pre-tax profit of £365 million in the year to December 31, up 23 per cent, on turnover of £1.83 billion, up 18 per cent. That latest figure was boosted by a capital gain of £131 million on the sale of its 0.75 per cent stake in BSkyB, the satellite broadcaster. The results were

in line with forecasts. Operating profits, however, declined by 5 per cent to £260 million and adjusted earnings per share were down 16 per cent to 28.8p, largely due to the fall in contributions from BSkyB and a £35 million increase in restructuring charges, to £48 million. The charges included the closure of the East India Dock printing site for the *Financial Times* and cost-cutting measures at Westminster Press.

A final dividend of 10.175p is to be paid on June 7, making the total dividend 16.5p, up 10 per cent. The shares finished at 664p, up 7p.

Tempos, page 28

Buffett in the market for acquisitions

BERKSHIRE Hathaway, the US fund management group, is searching for an acquisition and could spend up to \$5 billion in cash, Warren Buffett, chairman, writes in the 1995 report: "The larger the company, the greater will be our interest." He added that Berkshire "will not engage in unfriendly takeovers".

Mr Buffett, 65, also identified a possible successor in Lon Simpson, president and chief executive officer of capital operations at Geico, a Berkshire subsidiary. Between 1980 and 1995, equities under Mr Simpson's management returned an average of 22.8 per cent annually, against 15.7 per cent for the Standard & Poor's 500.

Hammerson pays a bigger final

By CARL MORTISHED

HAMMERSON, the property group that owns the Brent Cross shopping centre, has raised the final payout to shareholders, the first dividend increase since 1989.

The company is paying a final dividend of 7.15p, up from 6.5p, which raises the total payment for 1995 to 10.65p, a 6.5 per cent increase. The dividend rise comes after a 22 per cent lift in adjusted pre-tax profits to £64 million, reflecting increased income from acquisitions and rent increases on retail property.

Mr Spinnery, chief executive, said there were signs of renewed tenant demand, indicating that the entire first phase of the Brent Cross extension was fully let, while rent reviews were showing increases. "Zone A rents at

Brent Cross have risen £20 per sq ft in the past 18 months."

Over half of Hammerson's rental income last year came from retail property, with rents some 7 per cent below market average. The retail portfolio fell 1 per cent in value because of a softening in investment yields. Offices were up marginally.

Overall, the portfolio fell by 0.6 per cent last year to £1.78 billion, leaving Hammerson's net asset value per share up 1p at 376p from retained earnings. Hammerson is expecting to spend about £200 million in the current year on projects including the second phase of the Brent Cross extension and the purchase of the Bull Ring site in Birmingham.

Tempos, page 25

Smokers help set Bunzl profits alight

MORE low-tar smokers added to a generally prosperous 1995 for Bunzl, which makes paper and plastic products and commands about a tenth of the world's cigarette filter market and up to 40 per cent of global specialist filter sales (Christine Buckley writes).

The 13 per cent rise in sales of specialist filters and 3 per cent profits increase to £15 million across the filters operation bolstered strong performances in other divisions.

Pre-tax profits rose 33 per cent to £106.2 million in the year to December. Anthony Haggood, chief executive, said Bunzl could spend up to £150 million on acquisitions, making gearing to about 50 per cent. Bunzl also said weaker second half economic conditions looked set to continue. The 3.5p final dividend makes 5.5p, up 16 per cent.

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STOCK MARKET

MICHAEL CLARK

Wall Street recovery gives London a boost

WALL STREET'S successful attempts at repairing the damage caused by its recent correction continue to benefit London. The market was pushed higher by the Dow Jones, with share prices closing today's session with a 1.5% rise. Investors were anxious to see if there is scope for a further rise in interest rates. The FT-SE 100 index opened at 2,438.10, up from 2,435.10. But trading conditions proved thin, with a total of 576 million shares changing hands. Once again, takeover talk kept investors on their toes and cheered sentiment. There was an imminent bid from Siebe for a 10% stake in Unilever, which was followed by a bid for 17.5% to 18.5%.



Stuart Lyons, of Royal Doulton, saw shares improve 51p

Electrowatt had sold its 25% stake in Siebe for 500p a share, or £103 million. At last night's close, the stake was worth £102.2 million. A Societe Generale Strauss, a Turnbull, the broker, is said to be warning Siebe it will have to pay up to 750p a share. But other brokers, like Henderson Crosthwaite, say the eventual price is likely to be nearer 650p a share.

BAT Industries edged up 2.75p to 485p despite the decision of Liggett, a rival American tobacco producer, to settle several outstanding lawsuits brought by cancer victims. BAT could offer little to reassure brokers and major shareholders at a presentation in London, other than tell them it would continue to fight any claims.

The two English power generators responded positively to the news that the Government had given the Monopolies and Mergers Commission an extra two weeks to report on their bids for two regional electricity companies, National Power and British Nuclear Fuels. National Power closed 9 1/2p up at 471p.

The banks staged a much-needed rally, having been overshadowed by threats of a mortgage price war and the feeling that interest rates may have bonomed out. There were solid gains for the likes of Lloyds TSB, 13p to 307p; Abbey National, 12p to 550 1/2p; Bank of Scotland, 10p to 255p; Barclays, 18p to 713p; HSBC, 14p to 902p; National Westminster, 18p to 627p; and Royal Bank of Scotland, 13p to 535p. That old takeover

tax profits from £12.6 million to £15.2 million with a rise of 5 1/2p to 286p.

Argos, the catalogue retailer, slipped 2 1/2p to 638p after announcing plans to use up some of its cash surplus by paying shareholders a special 42p dividend, costing £127 million. It coincided with full-year figures showing pre-tax profits of £24.2 million higher at £124.4 million.

The fluctuating cost of raw materials failed to dent full-year figures from Bunnell, the packaging specialist, which came in at the top end of expectations. Pre-tax profits were up a third at £106 million, with shareholders rewarded by a 16p cent hike in the dividend. The shares rose 8p to 209p.

MAID, the on-line information provider, slipped 3p to 192p after plunging into the red last year with a deficit of £4 million against a profit last time of £1.1 million.

A 25p cent hike in profits and news of disposals lifted Glyndwr International 13p to 351p. The group says it plans to sell off some of its non-core activities.

A bumper set of full-year figures lifted Doeflex 20p to 235p. Pre-tax profits surged £1.2 million to £3 million. The group said the figures had been bolstered by a sharp drop in the price of raw materials.

GILT-EDGED: Prices ticked steadily higher, supported by firmer US Treasury bonds and German bunds. The Public Sector Borrowing Requirement held few surprises and will result in £3 billion of underfunding for the bond market.

Investors are now anxiously awaiting this week's inflation numbers and details today of the auction. The Bank of England is expected to issue a further £3 billion of the existing Treasury 7 per cent 2000 or create a new stock, Treasury 8 per cent 2001. In the futures pit, the June series of the long gilt rose 1/2p to £105 1/2 in late turnover. Treasury 8 per cent 2015 rose 1/4p to 96 1/4, while at the shorter end, Treasury 8 per cent 2000 was a tick firmer at £102 1/2.

NEW YORK: Wall Street shares extended last week's rally, with high-technology and interest-sensitive issues leading the way. At midday, the Dow Jones Industrial average was up 45.16 points to 5,630.13.

MAJOR INDICES

New York (midday): Dow Jones 5630.13 (+45.16) S&P Composite 646.60 (+7.77)

Tokyo: Nikkei average 20035.13 (+94.28)

Hoog Kong: Hang Seng 10601.28 (+37.70)

Amsterdam: EOE Index 524.82 (+4.04)

Sydney: All Ordinaries 2234.60 (+3.20)

Frankfurt: DAX 2463.16 (+4.83)

Singapore: Straits 2361.45 (+5.86)

Brussels: General 3649.25 (+105.61)

Paris: CAC-40 1965.02 (+1.90)

Zurich: S&A Gen 767.90 (+2.90)

London: FT 30 2743.8 (+12.40)

FT 100 3064.6 (+24.8)

FT-SE Mid 250 4244.5 (+17.3)

FT-SE 100 4842.4 (+11.8)

FT-SE 250 1992.22 (+4.08)

FT A All-Share 1823.79 (+10.61)

FT Non Financials 1944.77 (+6.95)

FT Financials 1036.60 (+0.80)

FT Govt Secs 92.22 (+0.09)

Bargains 371.32

SEAQ Volume 578.1m

USM (Dassault) 204.46 (+7.76)

US\$ 1.5310 (+0.0072)

German Mark 2.3781 (+0.0085)

Exchange Index 83.6 (+4.2)

Bank of England official rate (4pm) 1.90%

ESOR 1.0427

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Waning, not waxing

PEARSON did its best yesterday to quash rumours that it is about to emerge, embark on an asset-selling binge, make a big bang acquisition or be taken over. The soft soap did not work. Pearson remains unfocused and saddled with a management team that, with one or two exceptions, is seen as lethargic and accident prone. In short, a company ripe for corporate upheaval. If it fails to do the job itself, outsiders would no doubt be happy to take over. A takeover premium has recently crept into the shares and it is unlikely to disappear soon.

The perception that Pearson is making too many mistakes began last year when it sold its 9.75 per cent stake in BSkyB, the satellite broadcaster, at a price well below the top of the market. It also unloaded its shares in Yorkshire Tyne-Tees Television at about

500p. The price has since doubled. Only yesterday, Pearson revealed what many had suspected for some time: Mindscape, the American software publisher for which it paid \$500 million, has been a disaster. Shedding Mindscape remains an option unless its new boss and outside consultants can come up with a better solution.

Pearson points to its successes in television programming and in educational publishing. Yet, these businesses sit uncomfortably with waxwork dummies, theme parks, speciality magazines and electronic publishing. Pearson should decide on a coherent strategy, shed its gentlemenly, pin-striped image, and attack its problems with gusto. Another mistake like Mindscape and a more vulgar management team could soon see it ejecting the waxworks from the museum.

Unitech

UNITECH shareholders should stop celebrating and look carefully at the lie of the land ahead. The price of their shares has shot up almost 52p since Siebe took control of 29 per cent of the company, and some analysts are hoping for a £7 bid. But having secured its position, there is no reason for Siebe to rush in with a high offer.

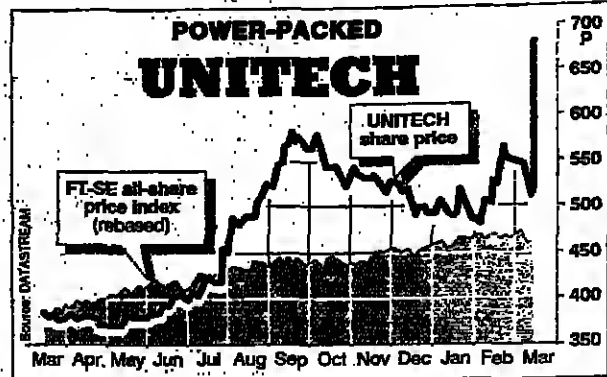
Fear of a large institutional placing of the Electrowatt stake had been depressing the price of Unitech shares, which would otherwise fetch a premium on the strength of rising demand from telecoms companies for its power modules. The growth rate attracts Siebe, a hugely successful engineering group with a stock market rating to match. There is little synergy between Unitech's power packs and Siebe's temperature con-

trol devices, but Siebe is under pressure to continue its double-digit earnings growth and wants to be seen as an electronics rather than engineering company.

Unitech, therefore, fits the bill: an undervalued company in a sexy industry, and Siebe's price earnings multiple of 20 times means it can afford to use its shares to buy

earnings. Siebe should resist the temptation to overpay for a quick agreed deal. With 29 per cent under its belt at 500p, it is already seeing a substantial profit.

A bid at £7 would be dilutive for Siebe, which is not known for overpaying; with that in mind, investors could do worse than sell in the market.



BAT

BAT shares have been pounded by the fuss over the apparent agreement, by Liggett, a small US tobacco manufacturer, to settle a class action suit from injured smokers. The reaction is excessive and BAT shares look extremely cheap, while the Liggett deal is likely to be a sideshow in the endless battle between the US personal injury litigation industry and the tobacco barons.

The Liggett deal has little to do with law and much to do with bid politics. Liggett is run by Bennett LeBow, a corporate raider who is fighting a proxy battle to take over the board of RJR Nabisco, the tobacco and foods conglomerate. By settling with the litigants, LeBow removes one of the potential impediments to his declared strategy of spinning off Nabisco RJR's bosses maintain that any merger would fall foul of the tobacco litigants who would claim it was a device to

protect the assets from claims. Fears that the tobacco industry is breaking ranks in its opposition to claims seem absurd given that the Liggett settlement is conditional and depends on corraling a huge number of plaintiffs into the deal.

It also ignores the existence of many other class actions and the potential for others. The tobacco barons are not insured against these claims and have no incentive to settle with a set of plaintiffs only to see dozens more leap into the courtroom.

Argos

ARGOS finally smashed its piggy bank yesterday and handed a fistful of cash to shareholders.

The 42p a share special dividend has been carefully pitched at a level that avoids disappointing investors but keeps sufficient in the kitty for future expansion and an acquisition.

The payout of £126.8 million compares with average 1995 resources of £190 million and Argos will soon replace the funds returned to shareholders. In 1995 Argos added £40 million to its funds, in the previous year £35 million and in 1993 £29 million.

Argos does not lack resources and potential acquisitions are being scrutinised but the company's problem is finding investments that will not dilute its demanding target rate of return. Meanwhile, the core business grows healthily, but Argos still faces pressure on gross margins from demanding consumers. New store openings and tight cost control are part of the answer but the question still remains as to what will Argos do to secure long-term growth?

Special dividends are not enough and given the City's confidence in the management an acquisition is still perceived as a possibility.

EDITED BY CARL MORTSHED

POWERGEN: MONOPOLIES COMMISSION GIVEN MORE TIME TO CONSIDER BIDS

FT-SE all-share price index (rebased) 5000 5200 5400 5600 5800 6000 6200 6400 6600 6800 7000 7200 7400 7600 7800 8000 8200 8400 8600 8800 9000 9200 9400 9600 9800 10000 10200 10400 10600 10800 11000 11200 11400 11600 11800 12000 12200 12400 12600 12800 13000 13200 13400 13600 13800 14000 14200 14400 14600 14800 15000 15200 15400 15600 15800 16000 16200 16400 16600 16800 17000 17200 17400 17600 17800 18000 18200 18400 18600 18800 19000 19200 19400 19600 19800 20000 20200 20400 20600 20800 21000 21200 21400 21600 21800 22000 22200 22400 22600 22800 23000 23200 23400 23600 23800 24000 24200 24400 24600 24800 25000 25200 25400 25600 25800 26000 26200 26400 26600 26800 27000 27200 27400 27600 27800 28000 28200 28400 28600 28800 29000 29200 29400 29600 29800 30000 30200 30400 30600 30800 31000 31200 31400 31600 31800 32000 32200 32400 32600 32800 33000 33200 33400 33600 33800 34000 34200 34400 34600 34800 35000 35200 35400 35600 35800 36000 36200 36400 36600 36800 37000 37200 37400 37600 37800 38000 38200 38400 38600 38800 39000 39200 39400 39600 39800 40000 40200 40400 40600 40800 41000 41200 41400 41600 41800 42000 42200 42400 42600 42800 43000 43200 43400 43600 43800 44000 44200 44400 44600 44800 45000 45200 45400 45600 45800 46000 46200 46400 46600 46800 47000 47200 47400 47600 47800 48000 48200 48400 48600 48800 49000 49200 49400 49600 49800 50000 50200 50400 50600 50800 51000 51200 51400 51600 51800 52000 52200 52400 52600 52800 53000 53200 53400 53600 53800 54000 54200 54400 54600 54800 55000 55200 55400 55600 55800 56000 56200 56400 56600 56800 57000 57200 57400 57600 57800 58000 58200 58400 58600 58800 59000 59200 59400 59600 59800 60000 60200 60400 60600 60800 61000 61200 61400 61600 61800 62000 62200 62400 62600 62800 63000 63200 63400 63600 63800 64000 64200 64400 64600 64800 65000 65200 65400 65600 65800 66000 66200 66400 66600 66800 67000 67200 67400 67600 67800 68000 68200 68400 68600 68800 69000 69200 69400 69600 69800 70000 70200 70400 70600 70800 71000 71200 71400 71600 71800 72000 72200 72400 72600 72800 73000 73200 73400 73600 73800 74000 74200 74400 74600 74800 75000 75200 75400 75600 75800 76000 76200 76400 76600 76800 77000 77200 77400 77600 77800 78000 78200 78400 78600 78800 79000 79200 79400 79600 79800 80000 80200 80400 80600 80800 81000 81200 81400 81600 81800 82000 82200 82400 82600 82800 83000 83200 83400 83600 83800 84000 84200 84400 84600 84800 85000 85200 85400 85600 85800 86000 86200 86400 86600 86800 87000 87200 87400 87600 87800 88000 88200 88400 88600 88800 89000 89200 89400 89600 89800 90000 90200 90400 90600 90800 91000 91200 91400 91600 91800 92000 92200 92400 92600 92800 93000 93200 93400 93600 93800 94000 94200 94400 94600 94800 95000 95200 95400 95600 95800 96000 96200 96400 96600 96800 97000 97200 97400 97600 97800 98000 98200 98400 98600 98800 99000 99200 99400 99600 99800 100000 100200 100400 100600 100800 101000 101200 101400 101600 101800 102000 102200 102400 102600 102800 103000 103200 103400 103600 103800 104000 104200 104400 104600 104800 105000 105200 105400 105600 105800 106000 106200 106400 106600 106800 107000 107200 107400 107600 107800 108000 108200 108400 108600 108800 109000 109200 109400 109600 109800 110000 110200 110400 110600 110800 111000 111200 111400 111600 111800 112000 112200 112400 112600 112800 11300

business

BET piles pressure on Rentokil's bid

RUSSELL HOTTEN

The chances of Rentokil having to increase its £1.9bn bid for rival business group BET rose yesterday as the target company's shares continued to edge ahead on the back of a profits forecast.

In its second defence document, BET said it expected a 28 per cent jump in pre-tax profits this year to not less than £142m, a forecast that was slightly above City expectations.

The forecast, which included a 10 per cent rise in turnover to £1.94bn, was described by BET as evidence that the company was being turned around.

Before the bid was launched on 16 February, stockbrokers UBS forecast profits of £135m, while Greig Middleton had pencilled in £138m. BET shares rose 3p to 203p yesterday, taking the price to more than 3 per cent above the value of Rentokil's cash and paper offer of 195p. However, Rentokil shares also rose 4p to 354p. Rentokil is offering nine new shares and 800p cash for every 20 BET shares, with a cash alternative of 179.5p.

John Clark, BET chief executive, said the forecast was "tangible proof that BET is delivering on its promises. These results demonstrate that BET has an exciting independent future and that Rentokil's offer is wholly inadequate."

Rentokil said it was surprised that BET had released a profits forecast so early in the bid timetable, leaving the company with almost nothing left in its armoury.

However, the timing may have something to do with Rentokil holding an extraordinary meeting yesterday, giving management little time to respond.

BET, which has already forecast a 27.5 per cent rise in this year's dividend to 5.1p, may be tempted to forecast one for next year.

Paul Morland, analyst at NatWest Markets, said the final profits figure would include a lot of provisions. He said the 10 per cent turnover rise meant BET's forecasts relied on larger margins than analysts had been expecting. "But it does not affect the way we see the bid," he said.

Another analyst said there was not enough detail in the

defence document to check how the profits numbers had been arrived at, though he did not question the validity of the figures.

"We need to see what is going on in the major businesses," he said.

Clive Thompson, Rentokil's chief executive, said: "BET shareholders must surely be surprised that their board did not produce more. They must also question why their board has not provided them with the necessary detail to understand the forecast properly. If this is the best that the BET board can do, we continue to wonder why it does not recommend the offer."

Rentokil, which this week claimed 2.92 per cent of BET shares, reiterated its objective of providing 20 per cent profits and earnings growth if it acquires BET. The company's bid was approved at an extraordinary meeting yesterday.

Rentokil said its door was always open if BET wanted to talk about an agreed deal, but the company said it would not approach its target again. BET has twice publicly rebuffed Rentokil's attempt to get a recommended offer.



Defender: John Clark said BET was delivering on its promises. Photograph: Edward Sykes

Frost claims petrol price war will kill independents

NIGEL COPE

Britain's largest independent petrol retailer hit out against the Esso-inspired petrol price war yesterday, blaming the oil giant for a sharp drop in its sales which could make the company a takeover target.

Frost Group, which trades under the Save name, said its market share had fallen by 15 per cent since Esso launched its Pricewatch campaign which pledged to match the lowest price offered by any petrol retailer within a three mile radius.

Frost's share of the UK petrol market stood at 4.7 per cent prior to the nationwide launch of Pricewatch in mid-January. It has since slid to 4 per cent. The company's share price has also collapsed, falling from 269p in June to just 116p, down another 2p yesterday. James Frost, chairman, admitted yesterday that the collapse made the company "dirt cheap".

He said that the price war was likely to force more mergers along the lines of BP's recent deal with Mobil and that these could include Frost.

He said: "The big three oil majors [BP, Esso and Shell] are going to account for around 50 to 55 per cent of the market. The hypermarkets are going to account for around 22 per cent. That doesn't leave much room for anyone else."

He admitted that as a specialist retailer which did not have a refinery, Frost would be an attractive target for a merger or takeover by a company seeking to get into the UK market. "When this price war is over, the UK petrol market is going to be a closed shop. It will be impos-

sible to get in." He said that no discussions were taking place at the moment.

He re-iterated past comments that the middle ranking oil companies such as Fina, Q8, Repsol and Gulf were going to be under pressure. More than 3,000 privately owned independent petrol stations would go bust this year, he said.

Mr Frost was speaking as he announced marginally higher pre-tax profits of £11m for last year. Sales doubled to £451m, boosted by last year's acquisition of Burnham's petrol stations.

Frost Group now has 1,114 sites, making it fourth behind BP, Esso and Shell. The company is hoping to maintain margins on petrol but accepts that sales may fall as a result of being more expensive than the large oil suppliers.

The price war has proved costly for Mr Frost, who would have received more than six million shares in the company had he achieved earnings growth of 18 per cent. The price war means he will now fall short of that target.

Esso launched its Pricewatch

campaign nationally in mid-January in a bid to boost its share of the UK petrol market from 16 per cent to 20 per cent. The supermarket groups have hit back by matching prices and offering forecourt promotions for the first time.

The most likely victims of the battle are the independent garages. Mr Frost said yesterday that 4.3 per cent of UK sites closed last year, compared to 5.6 per cent the previous year. He added that once the battle was over, prices and margins would rocket.

IN BRIEF

• Germany's finance minister, Theo Waigel, said GDP might fall again in the first quarter of this year, but said this did not mean the economy was in recession. Separately, one of Germany's respected research institutes, the IWH in Halle, said conditions had not worsened since the new year. It predicted 1.5 per cent growth in 1996, making it relatively optimistic.

The Bundesbank's chief economist said the acceleration in M3 growth reported on Wednesday would not change the central bank's view about the potential for a cut in interest rates, restoring hopes that this might happen after next Thursday's council meeting.

• Commercial Union's chief executive, John Carter, saw his total emoluments rise 26 per cent to £468,000 last year. His basic salary rose from £265,000 to £315,000, other benefits added nearly £27,000 and he also picked up a performance-related bonus of £126,000, up from £84,800 the year before. Mr Carter also made a nominal profit of £73,800 from the exercise of options, of which £16,000 was realised in cash.

• Laing, the civil engineering to housebuilding group, said it believed the construction industry was at last becoming realistic about the prevailing trading environment, suggesting that an end to last year's "cut-throat competition, wafer-thin margins and high restructuring and reorganisation costs" might finally be in sight. Those conditions contributed to a fall in pre-tax profits from £23.8m to £20.1m, earnings per share slipped from 17p to 13.5p, while the dividend was maintained at 9p.

• Hepworth, the Sumner Duval boiler to clay pipe building production group, announced broadly expected profits with a hint that it was prepared to boost shareholder value by buying in some of its own shares. A proposal to buy back up to 10 per cent of the shares will be put to Hepworth's annual meeting in May. Pre-tax profits for the 12 months to December came in £1m lower at £74.5m, allowing a maintained dividend of 14.85p.

• Invesco, the fund manager, benefited from its strong American bias last year, as pre-tax profits rose 28 per cent to £50.4m. Norman Riddell, chief executive, said the European and Asia-Pacific markets had been nervous and produced less new business. Global funds under management in 1995 rose 29 per cent to £54bn from £42bn and Mr Riddell said the first months of 1996 had been encouraging. Invesco said it will continue to expand into Continental Europe as part of its development in each of its three regions, and with £68m of cash on the balance sheet was on the look-out for targeted acquisitions.

• Abbott Mead, the advertising agency, yesterday unveiled a one-for-eight rights issue aimed at raising £18.4m, on the back of a 27 per cent increase in pre-tax profits to £10.4m for 1995. The results at the fourth-largest London-based agency help send shares 15p higher to close at 569p. The dividend for the year was set at 9p, compared to 7.4p a year earlier. The company said it intended to make acquisitions in the near future, but did not provide details. Analysts said new business so far this year augured well for 1996 results.

• Midland Ltd News, the regional publisher, shrugged off high newspaper prices and sluggish advertising growth to announce 1995 pre-tax profits up 28 per cent to £16.3m, on revenues marginally ahead to £93m from £89.5m a year earlier. Margins remained steady while circulation at the company's main titles, including the *Birmingham Post*, rose slightly.

Go-Ahead Group slams into reverse

MAGNUS GRIMOND

Go-Ahead Group, the rapidly expanding bus operator, slammed into reverse yesterday after warning that cut-throat competition in Oxford would hit profits this year. The shares slid 35p to 309p on news that efforts to win back market share would wipe out profits at the Oxford Bus Company, which contributed £2.5m last year.

Analysts cut profit forecasts for the current year to June from over £13m to around £11m, only a little more than the £10.3m notched up in the previous 12 months. The setback came as National Express - which owns West Midlands Travel, one of the biggest bus operators in the country - announced the first increase in passenger numbers for 10 years. But Martin Ballinger, Go-Ahead's managing director, dismissed the Oxford problem as "not even a hiccup" yesterday, saying it was something they had been planning when they bought the municipally-owned Oxford Bus Company in 1994.

Oxford was "very fertile ground for bus companies", he said, after 20 years in which the city authorities had favoured

public transport over private. A rival operator, Thames Transit, set up in 1987 by Harry Blundred, had scooped up 40 per cent of the market. In September, Oxford Bus decided to fight back by cutting fares and increasing frequencies, he said.

As a result, passenger numbers had already risen by a fifth and they believed they had increased their share of a larger market by 65 per cent. Although costs had risen, turnover was only slightly down and the group as a whole remained on course to deliver margin increases of 1-1.5 percentage points a year.

"The only question is how long it is going to go on for," Mr Ballinger said. They would continue until they got "the right sort of market share". He denied suggestions of a personal battle between Mr Blundred and the Oxford Bus Company and denied any link with last month's announcement that finance director Trevor Shears was to retire early.

National Express said it was unlikely to suffer from similar levels of competition. West Midlands Travel was less exposed because of its low fares, high frequencies and extensive loyalty card customer base.

Guinness thanks goodness for its brewing business

As Guinness found in the high-growth 1980s growing profits is easy when you can push through real inflation-adjusted price rises each year. Each extra pound you charge falls straight through to the bottom line. With inflation in low single digits, however, consumers are much more sensitive to price and the 3 to 4 per cent increase flagged by the company yesterday is as much as can be expected. Achieving growth through volume improvements is hard work - each extra sale has a cost attached and the sort of marketing required can cost a fortune.

That is the gloomy background to yesterday's full-year figures for Guinness which showed a marginal increase in pre-tax profits before tax of £91.5m to £94.0m. Earnings per share after a £69m one-off restructuring charge slipped from 31.6p to 29.3p with only the dividend, up 8 per cent to 14.9p, showing any life.

All this confirmed how tough selling booze can be, even when you have some of the strongest brands in the business. The contribution from United Distillers slipped 4 per cent to £67.3m and, while the Moët Hennessey associate looked good at £111m, up £89m, stripping out exchange rates and other complicating factors meant it too saw a decline in trading profits.

Distillers was dragged down by another poor performance from recession hit Japan, competition at the cheaper end of the US market and a still depressed European market. Profits actually improved a touch at home but it was not enough.

Thank goodness then for the brewing activities, which saw profits rise 7 per cent to £270m thanks to some enviable growth rates for the black stuff in unlikely places such as Malaysia and Indonesia. But it was a struggle - the marketing spend to gain that growth was a chunky £191m, up 19 per cent from 1994. In contrast to the spend on Johnnie Walker, which over the past three years has had a rapid payback, the return on brewing's marketing drop is pretty pedestrian.

The investment attractions of Guinness are a hard call. In its favour, the company has an unrivalled portfolio of brands, strong cash flow, and an unparalleled global reach, with exposure to the world's fastest growing regions. The counter arguments include a poor pricing environment, the uphill struggle to persuade high-spending young-

sters that spirits are not their parents' tipple, and a possible overhang from LVMH's less than long-term 20 per cent stake. On the basis of pre-tax profits forecasts this year of £955m and earnings of £326p, the shares, down 11p to 461p yesterday, stand on a prospective p/e of 14. A long-term hold on growing global prosperity, but short term they are high enough.

National Express travels well

National Express dislikes being called a transport conglomerate, but it has made a decent fist of managing the three rather disparate parts of the formerly state-owned passenger transport group. It has adopted a policy of cutting costs and boosting demand through low prices in all three of its businesses, which currently encompass the original coach operations, airports and, since last April's £244m acquisition of West Midlands Travel, buses too.

The success of that strategy showed up again in last year's results, which saw pre-tax profits more than doubling from £15.2m to £41.5m in the year to December. The latest figures were inflated by the first-time inclusion of WMT and Bournemouth airport, also picked up in April, while the previous year included windfall profits from the signalmen's strike on the railways, estimated at £2m by National. Stripping out the strike effects and £2.9m of rationalisation costs at WMT, underlying earnings per share climbed about 35 per cent last year.

The move into buses looks to have been excellently timed. WMT saw passenger volumes rise in its West Midlands heartland last year for the first time in 10 years. With a further £4m rationalisation charge expected this year and new services being developed, further short-term margin improvement in the bus division should be assured.

Further out, significant growth can only come from taking out some of the bigger players in the industry. Perhaps wisely, National says it does not want to go down that route unless it can be done on a friendly basis. The 1993 move into air transport through the acquisition of East Midlands Airport

is also proving more than a one-shot wonder. Profits there leapt from £5.42m to £9.37m on soaring passenger and cargo volumes, so much so that in several months last year East Midlands overtook Heathrow as the nation's biggest pure cargo airport. Growth this year could be hit by an expected sharp deceleration in the growth of package tour holidays, but the underlying potential remains.

The strength of existing operations augurs well for National's move into new areas. The £11m investment in the Channel Tunnel link group, London & Continental Railways looks like a punt, but it is thought to be in pole position to pick up the Midland Main Line franchise.

Profits of £57m this year would put the shares, up 9p at 486p, on a forward multiple of 16. Fair value.

A slimmer, more attractive Geest

Life after bananas should prove rather interesting for Geest. Having sold its banana division to Fyffes for £147m in January, the company is now a slimmer, down and much more attractive producer of ready-made meals, soups, sauces and dips that it sells to all the large supermarkets.

These are growth areas and Geest has strong market positions in all of them. It has invested £57m in its factories over the past three years and is starting to reap the benefits. Last year, sales of soups and prepared produce both rose by 30 per cent while sales of dressed salads, soups and dips increased by 40 to 60 per cent.

There have been margin pressures due to higher raw material costs such as iceberg lettuce which are being flown in from California at three times the previous cost after a harsh winter in Spain. But Geest is having some success in passing higher prices on to customers.

Yesterday's figures did not tell the whole story as they pre-dated the effects of the banana sale which took place after the year end. Group profits fell from £12.3m to £10m largely due to lower banana profits in the second half.

There was a £3.4m loss on the disposal of the wholesale services division and a further £3.5m relating to an asset write down on the Necta pineapple business which made a £2.7m loss in the year.

Geest has booked £18m on the banana sale and now has net cash of £42m. It plans to invest a further £20m on its convenience foods operations this year.

The big question hanging over Geest is how long it can retain its independence. Takeover speculation is rife with both Hilldown Holdings and Unigate being tipped as potential predators in order to build on their growing interests in convenience foods.

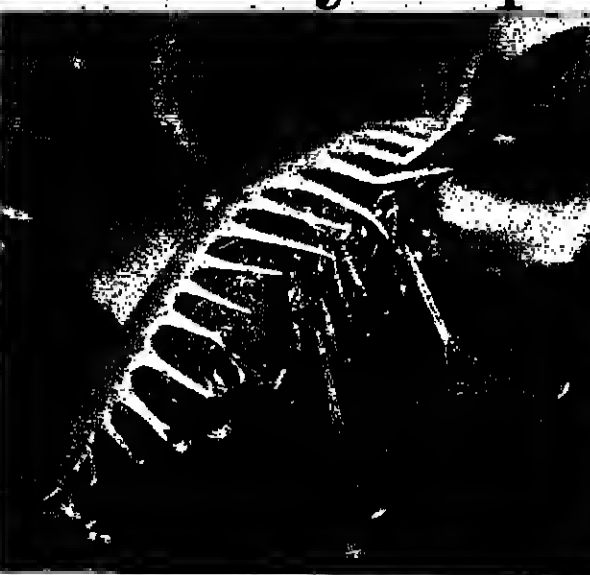
There is little downside here for shareholders. If a bid does materialise it is likely to be at a substantial premium. If it doesn't Geest's trading performance should justify the current price, which closed 4p higher yesterday at 224p.

BZW is forecasting profits of £16m this year putting the shares on a forward ratio of 15. Mild no.

CITY DIARY

John Willcock

Boffins cash in on honey traps



To catch a fly: Dr Howse was inspired by Venus fly-traps

Sex, drugs and violence are about to earn millions for Southampton University. Biologist Dr Philip Howse has invented an insect trap which lures the little beasts with sex stimulants and then crumples them.

The device goes on sale in California in the summer. Dr Howse, the brains behind the invention, was inspired by the carnivorous Venus fly-trap plant. He believes the devices, currently being tested in orchards in Mauritius where fruit flies are a great pest, could be used instead of pesticides.

The beauty of the thing is it involves absolutely no toxins or chemicals and is completely environmentally friendly," he said.

"All insects have adhesive suction pads on their feet and the fine layer of powder simply stops them working," Dr Howse is now working on a trap to get rid of wasps and other flying pests. But mosquitoes have so far slipped the net during tests.

"They're proving tricky because they can fly vertically but I'll get there in the end," said Dr Howse.

Beef News 1: Butchers Hall is closing. Nothing to do with Mad Cow Disease, but the livery hall next to London's central meat market in Smithfield is closing down for a month - for renovation. Head of catering, Charles Boyd, assured us yesterday that the hall, opened in 1975, would definitely reopen, with spanking new features such as air conditioning and secondary glazing.

Beef News 2: "The British people have been exposed to a new, very modern, style of

ness: cash cow disease," thundered a note from Panmure Gordon economist Robin Aspinall yesterday. "Companies have recognised that the economy is mature and slow growing, so they are extracting cash, cutting investment to the minimum needed for maintenance and squeezing costs."

Moo if you agree, swish your tale if you don't.

Beef News 3: "Food from Britain's annual conference, 'Blueprint for Export Success', takes place on Wednesday 27 March 1996 at the Queen Elizabeth II Conference Centre in London. Speakers from the Government, the City, the food industry and overseas markets will focus on how British food and drink companies can achieve long term business success on the international stage - and at the same time increase Britain's export earnings." Keynote speakers will be Deputy Prime Minister, Michael Heseltine MP, and Minister of Agriculture, Fisheries and Food, Douglas Hogg QC, MP. And the very best of British luck to you...

The Central Statistical Office is getting into Doc Martens and aerobics. The normally staid civil servants at the CSO have had a rush of blood to the head and are throwing the following things into the Retail Price Index basket: green peppers, a bread bin, a flower vase, a cigarette lighter, a flower vase, a steering lock device, private education fees and funeral costs as well as the Docs. They say they are doing this to stay "up to date".

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Kabul pays to keep enemy at bay

TIM MCGIRK
Kabul

Afghan history has proven that Kabul, shielded by a forbidding range of mountains, can only be conquered by treachery. It has happened in the past, and the President, Burhanuddin Rabbani, is anxious it should not happen to him.

After 14 years of fighting against the Soviets and then among the victorious Islamic rebel factions, money has become the only guarantee of a warrior's loyalty. So, with the Taliban Islamic militia gathering forces south of Kabul and preparing for an assault, President Rabbani placed an order with his former enemies, the Russians, to print up bales of new Afghan currency notes.

Flown in by Russian cargo planes to the former Soviet military base at Bagram, 30 miles outside Kabul, the crisp new bills were passed out by the jeep-load to commanders in the mud-walled villages and mountainsides along the front.

There was a miscalculation. The new Afghan bills were almost worthless. The money traders near the Blue Mosque were the first to realise that President Rabbani lacked the hard cash and bullion to prop up his gift. When the Afghani began falling against the dollar, wiping out people's meagre salaries, the police shut down the money bazaar. This was the people of Kabul's first sign that the next siege of their devastated city was about to begin.

The Taliban started over a year ago as a mass movement of Koranic students who wanted to put a stop to anarchy and war. Chopping off the bands of thieves and banging bandit commanders from tank gunbarrels as they went, the Taliban swept through the desert badlands in the west and south, capturing the towns of Kandahar, Gardez, Ghazni and Herat. In Kabul, few believe the students learned to fly helicopters and shoot rocket launchers in their religious schools. President Rabbani accuses Pakistan of aiding the Taliban, whose graphic descriptions of the Rabbani government have not been forgotten by Kabul officials. "They say Kabul is like a well with a dead rat inside," a foreign ministry official recalled.



Keeping watch: Government troops manning the front line south of Kabul only 200 yards from the Taliban militia

Photograph: Tom Pilsto

Just a few miles past the summer palace of Darulaman, holed and blasted at by the warring factions, lies the front line between the President's forces and the Taliban. The two sides are only 200 yards apart, shooting from the windows of abandoned farmhouses, and the air hums with the passage of bullets and larger objects.

Despite the chill, some teenagers on the government side wear rubber sandals. Few of the new Afghani notes had drifted this far down the chain of command. The shaggy youths posed with a rocket-propelled grenade aimed through a hole in the mud wall. "Shall I fire it?" one boy asked. "The Taliban are sure to shoot back. They might kill us." This seemed to be a novelty, a side of war he had only recently discovered.

As we were hurrying through the courtyard of the farmhouse, the oldest boy stepped forward and said apologetically: "It's our tradition to offer you tea but we don't have it." He added: "And besides, the Taliban have an artillery-spotter's up there. You'd better go."

Unless the Taliban can bribe a government commander or two, their attack on Kabul is probably doomed. It is expected within the next month, unless the government strikes first. Mr Rabbani and his defence adviser, Ahmed Shah Massoud, would probably hit the Taliban base 40 miles south of Kabul, at Maidan-Sbar.

If successful, Mr Massoud may attack the Taliban-held city of Herat, whose cultivated, Persian-speaking inhabitants loathe their Pashtun invaders.

President Rabbani's forces are well-armed and have new, powerful allies: India, Iran and, most surprising of all, Russia.

After waging a jihad against the Russians for 10 years, Mr Rabbani has become their friend. Not only do the Russians send in fresh supplies of money, they also stock Mr Rabbani with ammunition needed to keep his Soviet-made weaponry firing.

The Afghans tell a joke about a zookeeper who has two Afghan hounds that constantly fight. He lets a bear into the dog pen. The two hounds immediately tear into the bear, wounding it so badly that the zookeeper has to rescue the larger animal. Without drawing a breath, the two Afghans

resume their fighting. Before, the Soviet Union was the bear that intruded into Afghanistan. The next could be Pakistan.

Pakistan wants to open trade routes from the new Central Asian republics to the seaport of Karachi. It can only do this through Afghanistan, where the roads are bad and vehicles tend to get stolen. Using the Taliban, the Pakistanis have pacified a swathe of the country, from Quetta to the western town of Herat. Ignoring President Rabbani, the Pakistanis have announced plans to build a Taliban-protected road to Turkmenistan. Pakistani banks and consulates have sprung up inside Taliban territory.

This alarms not only the Iranians, whose border lies close to the projected Pakistani road.

Some of the rebel mujahedin factions fighting against Kabul are starting to view the Taliban - and their Pakistani mentors - with hackles raised. President Rabbani is holding exploratory talks with his old enemy, Gulbuddin Hekmatyar, whose militia infests the canyons between Kabul and the Khyber Pass.

At least 1 million Afghans have been killed since the Communist takeover in 1979, and 8 million have been displaced by fighting. As the Taliban and the government ready for war around Kabul, many Afghans heed an old superstition. Wasif Bakhtiri, a radio announcer, explained: "The mujahedin commanders went to Mecca and swore they would honour peace. They broke that oath, and now Afghans say they have put a curse on their country."

TAIPEI DAYS

Right side of the strait for a normal life

A funny thing happened on the way in from the airport. I stopped off unannounced at a government office, walked in through the door, found a room full of Chinese officials and was immediately swamped with information and offers of help.

And if this was not enough to give one severe culture shock, the episode all took place without either a demand for payment or even the need to treat anyone to an excruciating banquet of Shandong specialities.

Such are the delights of a first-time visit to Taiwan after several months without a break living in the People's Republic of China, where it is a battle just to find out the times of trains.

It would be difficult to exaggerate the immediate differences between the two Chinas. One knows from the little things that one has crossed more than an invisible psychological line. It starts with the way people use language. Visitors from Peking must learn very quickly not to use the word "Zhongguo", or China, if what they really mean is "da lu", the mainland. "China" is not even listed in the phone list of foreign countries, for this of course is the "Republic of China on Taiwan".

Then there is the unexpected self-assurance of Taipei's population, even when the mainland has been training down missiles into the nearby seas. In Peking, any foreigner will be asked a multitude of times: "What do you think of China?" The expected answer should be something akin to "fantastic", and anything less is taken as an affront. In Taipei, locals will simply tell you "Taiwan is good" - without any need for confirmation.

As for the perceptions each side has of the other, the differences are wider than the Taiwan Strait. I was taken aback last May in Peking when a liberal-minded, 31-year-old Chinese friend, married to a Westerner, telephoned. "How could America do it?" was his outraged reaction on learning that the Taiwanese president, Lee Teng-hui, had secured a visa to visit the US.

Asked whether the mainland should invade Taiwan if the island declared independence, he said: "I guess so." Like most people in China, he seemed to have no idea about life in Taiwan and the political transformation of the past decade.

Many Taiwanese, by contrast, know someone who has travelled to the mainland since restrictions were scrapped in 1987. They do not like what they

hear. "The mainland people are not rational," explained one 30-year-old journalist. "Their way of thinking is different. We have our own history, values and political system."

Like the majority of people one asks, she had absolutely no wish to visit the People's Republic. With a bluntness which would infuriate Peking, many Taiwanese despise mainlanders as uncultured and backward.

Taipei at the moment is gripped by presidential election fever, which accentuates the differences. On my first evening here, I went to see a big demonstration in favour of an opposition candidate in the middle of the square which commemorates General Chiang Kai-shek. After I had got used to the tight security in Peking, it seemed incredible that policemen were standing idly by as speakers with loudhailers argued for a change of president. And who were all those rash people marching around with banners, chanting wildly?

Under psychological siege by mainland missiles, Taipei still seems an outpost of normality compared to the rest of Peking's supposed Chinese "motherland". As elections draw nearer, everyone has his or her own political viewpoint, and is willing to expand on it at length, in public, without fear of giving their real name.

But the differences run far deeper than the political. As Sinologists search for signs of whether a civil society is emerging on the mainland, the Taiwanese are already well past the finishing line in establishing an environment where eye contact with strangers is normal, people hold open doors for each other, and red traffic lights have more than decorative value. And, yes, there is hardly any spitting.

None of this is to deny that there are also serious problems in Taiwan, such as organised crime and related political corruption. But as regards the latter, Taiwan is now lagging behind the mainland.

Whatever their preferences of candidate, Taipei people repeatedly stress that they are Taiwanese first. The fortune-tellers have been rather pessimistic recently on the likelihood of conflict with the mainland. One old lady said it would have to be left to fate. But one Taiwanese at least refused to worry. "If they attack, property prices will fall," he laughed. "And I will be able to afford to buy a home."

Teresa Poole

Car-jacker caught on tape as victim pleads for life

DAVID USBORNE
New York

The extraordinary cool of a New Jersey teacher when she found herself the victim of a car-jacking did not save her life, but it did give the police an unusually easy job in tracking down the man they believe killed her.

Not only did Kathleen Weinstein, 45, spend almost half an hour trying to reason with her assailant, she also secretly slid

a mini-cassette recorder into a shirt pocket and taped the conversation.

The tape, which came to an end before she died, now stands as an unassailable item of evidence in the prosecution's case against the teenager accused of the crime. It is also a final testament to her willingness always to try to get through to even the most troubled of youngsters.

Police say they are now "beyond confident" that Michael

LeSane, 17, is the man who burst into Mrs Weinstein's car at a New Jersey shopping mall on Thursday of last week. "His voice is on the tape. He is named on the tape," John Doran, a spokesman for the state prosecutor's office confirmed.

After ignoring the reasonings of Mrs Weinstein, Mr LeSane allegedly suffocated her with her own clothing and dumped her body by the side of a highway south of New York City. The ac-

cused turned 17 the day after the murder and had bragged to school friends that he had stolen a gold Toyota Camry as a present to himself - the kind of car driven by Mrs Weinstein.

The tape reveals Mrs Weinstein pleading with her assailant. "You haven't done anything yet. All you have to do is let me go and take the car," she says on the recording. "For my life, don't you think I should let you take my car? For my

life!" In an even voice, Mrs Weinstein tries to warn her attacker of what will happen if he kills her: "Don't you think they are going to find you?"

Well known for her patience with difficult children as a teacher in a New Jersey high school, Mrs Weinstein had recently introduced a special programme in the school called "Random Acts of Kindness". Students who went out of their way with kind gestures toward

others were rewarded with prizes sponsored by local businesses, such as free pizza lunches or film tickets.

"It was her way," remarked James Ouellette, assistant headmaster of the school.

A makeshift memorial had been established yesterday under the main signboard outside the school that carried the message: "Mrs Weinstein. Thanks for your random acts of kindness. We will remember you."



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international

Israel and Iran trade threats over Lebanon

ROBERT FISK
Beirut

If jaw-jaw is better than war-war, Lebanon might survive the coming days. But the jaw-jaw is now heavy with mutual threats by Israel and Iran to strike at each other's interests, and Lebanon - after Wednesday's suicide bombing against Israeli occupation troops - remains the preferred battlefield of both sides.

Warnings from the Iranian embassy in Beirut and promises from a scolded bunker - by the Lebanese Hizbollah leader of further human bombs - against Israeli occupation troops did not offer peace. In Israel last night, the minister of internal security, Moshe Shaleh, said that Hizbollah and its "backers" would receive "a painful blow, and one which they would remember". None of which augurs well.

Iran began the day with an unprecedented warning from its embassy in Beirut that it "holds the Zionist entity and its American protectors responsible in advance for any aggression against it or against any other institution that belongs to the Islamic Republic in Lebanon or anywhere else in the world". Given the number of Israeli photo-reconnaissance missions over Beirut in the past week, it

seems certain that Iran fears an Israeli bombing raid against its embassy complex in west Beirut, a well-guarded compound near the sea-front, surrounded by high walls and black-painted iron gates, whose location must be easily recognisable on Israel's high-altitude photographs.

Within hours, however, in the country, "There are many brothers in the resistance who are yearning and competing to join the party's human bomb battalions," he said. "The resistance will continue... regardless of the sacrifice."

But if the Iranian statement expressed concern for its embassy staff and for the Hizbollah, Sayed Nasrallah's ostensibly bellicose press conference, in an underground bunker to which journalists were taken in a windowless van, contained other messages. If Israel launched a military blitz against Lebanon, he said, it would pay a "costly" price. Hizbollah was under no pressure to ease its attacks. "The decision on the resistance is our own. Both Iran and Syria support our right of resistance against the occupation."

While the latter is technically true, the Americans have been beseeching Syria, the conduit for the Hizbollah's arms, to suspend the guerrilla army's attacks on Israeli troops in Lebanon, while at the same time advising Shimon Peres, the Israeli Prime Minister, not to stage any military operations into Lebanon.

Given the bloody consequences of previous land assaults by Israel - to the Israelis as well as to Lebanese civilians - Mr Peres may still be persuaded to order air strikes against Israel's occupation force

in the country. "There are many brothers in the resistance who are yearning and competing to join the party's human bomb battalions," he said. "The resistance will continue... regardless of the sacrifice."

both former members of George Habbash's Popular Front for the Liberation of Palestine, were freed after both had claimed they were covered by a civil war amnesty law and did



Borderline: Shimon Peres meets police cadets near the Lebanese frontier yesterday Photograph: David Silverman

not know that they were abducting an ambassador. Mr Francis Melloy and his colleagues were taken from the US embassy car - which was flying the US flag - and later

murdered; their bodies were found on a Beirut beach on the night of their abduction in 1976. A harsh statement from the new American ambassador, Richard Jones, expressed

astonishment at the Lebanese decision - although throughout the trial, the US embassy showed no interest in the case, not even bothering to send a diplomat to attend the trial.

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Another black mark against Italy's judges

ANDREW GUMBEL
Rome

Not so long ago, the battle lines in Italy seemed so simple. The goodies were a fearless and resourceful judiciary battling against corruption in public life, while the baddies were the exponents of a rotten political class whose crimes appeared to be catching up with them.

No longer. To judge by a spectacular new scandal, as well as a spate of recent court cases, Italy's anti-corruption magistrates have lost much of their credibility with a public that only two or three years ago was lionising them as heroes. The balance of power which briefly tipped in their favour in the early 1990s has swung firmly back into the hands of the allies of the man the Milan "Clean Hands" team have been vainly trying to nail for the past two years, the media tycoon turned politician Silvio Berlusconi.

The *tangentopoli* anti-corruption drive which toppled the old political order has long since run its course, and in its place has come a highly complex confrontation pitting magistrates against politicians, magistrates against other magistrates, and politicians against politicians.

The latest scandal, coming at the start of a general election campaign, is perhaps quintessential. Last Tuesday, the senior judge responsible for preliminary hearings in Rome, Renato Squillante, was slung in jail on charges that he accepted bribes from Mr Berlusconi's Fininvest empire in the late 1980s - in exchange for favourable court judgments.

Within a few days every aspect of the case had been deftly thrown into doubt by the Berlusconi camp. Mr Dotti was thrown out of Forza Italia as a traitor and forced to retire from politics after trying in vain to join the centre-left. Mr Dotti was painted as a fantasist, a political groupie who had flirted with Mr Provi as well as Mr Dotti in the past. As for Mr Squillante, he was vigorously defended by a number of respected public figures.

voters appear to be ignoring the affair altogether, and indeed opinion polls show the centre-right alliance headed by Forza Italia edging ahead in public favour. This is a remarkable triumph for Mr Berlusconi, who was forced to resign as prime minister 16 months ago because of judicial problems. He is at present on trial for tax fraud but these days the more judicial mud is thrown at him, the more sympathy he appears to attract.

How did the judiciary lose its teeth in so dramatic a fashion? Part of it is the fault of a legal system in which rhetoric often wins out over plain facts, not least because juries do not exist. Judges shoulder vast responsibilities on their own and are thus peculiarly vulnerable to the temptations of corruption.

Part of it is the fault of magistrates who have flirted dangerously with the dictates of party politics by investigating the activities of their colleagues. Antonio Di Pietro, the most famous member of the "Clean Hands" team who resigned in December 1994 complaining

of political manipulation, has since been accused of accepting financial favours and abusing his position to help out friends. One by one the charges have been dropped: now the magistrate who has pursued him is himself under investigation.

The constitutional separation of politics and justice is becoming dangerously blurred in other ways too. Magistrates and judges are standing for parliament in next month's elections. Moreover, every tiniest act of the judiciary is now open for political scrutiny.

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